

**Original**

**Stones River Manor**  
**Inc.**

**CN1506-026**



Michael D. Brent  
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June 15, 2015

**Via Hand Delivery**

Ms. Melanie Hill, Executive Director  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

**Re: Certificate of Need Application for Stones River Manor, Inc.**

Dear Ms. Hill:

On behalf of our client, Stones River Manor, Inc., please find enclosed an application for a certificate of need for the establishment of a thirty (30) bed Medicare-certified skilled nursing facility. Accompanying this letter are an original and two copies of the application, along with a check for filing fees in the amount of \$6,126.75.

I will serve as the contact person for the project communications. If you or the HSDA staff have questions about our application, or if you need additional information that would be helpful, please let me know and we will obtain that information for you.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in blue ink, appearing to read 'M.D. Brent'.

Michael D. Brent

Enclosures

cc: Kirk Mason, Stones River Manor, Inc. (via email)  
Chelsey Hadfield, Bradley Arant Boult Cummings LLP (via email)

2015 JUN 10 10 10 AM

**STONES RIVER MANOR, INC.**

**CERTIFICATE OF NEED APPLICATION**

**REQUEST FOR ESTABLISHMENT OF THIRTY (30) BED NURSING  
HOME AND INITIATION OF SKILLED NURSING SERVICES**

**JUNE 2015**



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson Building

500 Deaderick Street, 9<sup>th</sup> Floor Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

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## INSTRUCTIONS FOR FILING AN APPLICATION FOR A CERTIFICATE OF NEED

Please read the following instructions, the Rules and Regulations of the Agency, and Tennessee Code Annotated, §68-11-1601 *et seq.*, prior to preparation of this application.

**DOCUMENTATION:** In preparing this application, it is the applicant's responsibility to demonstrate through its answers that the project is necessary to provide needed health care in the area to be served, that it can be economically accomplished and maintained, and that it will contribute to the orderly development of adequate and effective health care facilities and/or services in this area. Consult Tennessee Code Annotated, §68-11-1601 *et seq.*, Health Services and Development Agency Rule 0720-4-.01, and the criteria and standards for certificate of need document Tennessee's Health: Guidelines for Growth, for the criteria for consideration for approval. Tennessee's Health: Guidelines for Growth is available from the Tennessee Health Services and Development Agency or from the Agency's website at [www.tennessee.gov/HSDA](http://www.tennessee.gov/HSDA). Picture of the Present is a document, which provides demographic, vital, and other statistics by county available from the Tennessee Department of Health, Bureau of Policy, Planning, and Assessment, Division of Health Statistics and can be accessed from the Department's website at [www2.state.tn.us/health/statistics/HealthData/pubs/title.htm](http://www2.state.tn.us/health/statistics/HealthData/pubs/title.htm).

*Please note that all applications must be submitted in triplicate (1 original and 2 copies) on single-sided, unbound letter size (8 x 11 1/2) paper, and not be stapled nor have holes punched. Cover letter should also be in triplicate. If not in compliance as requested, application may be returned or reviewing process delayed until corrected pages are submitted.*

**REVIEW CYCLES:** A review cycle is no more than sixty (60) days. The review cycle begins on the first day of each month.

**COMMUNICATIONS:** All documents for filing an application for Certificate of Need with the Health Services and Development Agency must be received during normal business hours (8:00a.m. - 4:30p.m. Central Time) at the Agency office, located at the Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243. For the purpose of filing Letters of Intent, application forms, and responses to supplemental



information, the filing date is the actual date of receipt in the Agency office. These documents, as well as other required documents must be received as original, signed documents in the Agency office. Fax and e-mail transmissions **will not** be considered to be properly filed documentation. In the event that the last appropriate filing date falls on a Saturday, Sunday, or legal holiday, such filing should occur on the preceding business day. All documents are to be filed with the Agency in ***single-sided and in triplicate***.

**LETTER OF INTENT:** Applications shall be commenced by the filing of a Letter of Intent. The Letter of Intent must be filed with the Agency between the first day and the tenth day of the month prior to the beginning of the review cycle in which the application is to be considered. This allowable filing period is inclusive of both the first day and the tenth day of the month involved. The Letter of Intent must be filed in the form and format as set forth in the application packet.

Any Letter of Intent that fails to include all information requested in the Letter of Intent form, or is not timely filed, will be deemed void, and the applicant will be notified in writing. The Letter of Intent may be refiled but, if refiled, is subject to the same requirements as set out above.

**PUBLICATION OF INTENT:** Simultaneously with the filing of the Letter of Intent, the Publication of Intent should be published for one day in a newspaper of general circulation in the proposed service area of the project. The Publication of Intent must be in the form and format as set forth in the application packet. The Publication of Intent should be placed in the Legal Section in a space no smaller than four (4) column inches. Publication must occur between the first day and the tenth day of the month, inclusive.

1. A "newspaper of general circulation" means a publication regularly issued at least as frequently as once a week, having a second-class mailing privilege, includes a Legal Notice Section, being not fewer than four (4) pages, published continuously during the immediately preceding one-year period, which is published for the dissemination of news of general interest, and is circulated generally in the county in which it is published and in which notice is given.
2. In any county where a "newspaper of general circulation" does not exist, the Agency's Executive Director is authorized to determine the appropriate publication to receive any required Letter of Intent. A newspaper which is engaged in the distribution of news of interest to a particular interest group or other limited group of citizens, is not a "newspaper of general circulation."
3. In the case of an application for or by a home care organization, the Letter of Intent must be published in each county in which the agency will be licensed or in a regional newspaper which qualifies as a newspaper of general circulation in each county. In those cases where the Publication of Intent is published in more than one newspaper, the earliest date of publication shall be the date of

publication for the purpose of determining simultaneous review deadlines and filing the application.

**PROOF OF PUBLICATION:** Documentation of publication must be filed with the application form. Please submit proof of publication with the application by attaching either the full page of the newspaper in which the notice appeared, with the ***mast and dateline intact***, or a publication affidavit from the newspaper.

**SIMULTANEOUS REVIEW:** Those persons desiring a simultaneous review for a Certificate of Need for which a Letter of Intent has been filed should file a Letter of Intent with the Agency and the original applicant (as well as any other applicant filing a simultaneous review), and should publish the Letter of Intent simultaneously in a newspaper of general circulation in the same county as the original applicant. The publication of the Letter of Intent by the applicant seeking simultaneous review must be published within ten (10) days after publication by the original applicant.

1. Only those applications filed in accordance with the rules of the Health Services and Development Agency, and upon consideration of the following factors as compared with the proposed project of the original applicant, may be regarded as applications filing for simultaneous review.
  - (A) Similarity of primary service area;
  - (B) Similarity of location;
  - (C) Similarity of facilities; and
  - (D) Similarity of service to be provided.
2. The Executive Director or his/her designee will determine whether applications are to be reviewed simultaneously, pursuant to Agency Rule 0720-3-.03(3).
3. If two (2) or more applications are requesting simultaneous review in accordance with the statute and rules and regulations of the Agency, and one or more of those applications is not deemed complete to enter the review cycle requested, the other applications(s) that is/are deemed complete shall enter the review cycle. The application(s) that is/are not deemed complete to enter the review cycle will not be considered as competing with the applications(s) deemed complete and entering the review cycle.

**FILING THE APPLICATION:** *All applications*, including applications requesting simultaneous review, must be filed in ***triplicate*** (original and two (2) copies) with the Agency within five (5) days after publication of the Letter of Intent. **The date of filing is the actual date of receipt at the Agency office.**

**Applications should have all pages numbered.**

All attachments should be attached to the back of the application, be identified by the applicable item number of the application, and placed in alpha-numeric order consistent with the application form. For example, an Option to Lease a building should be identified as Attachment A.6., and placed before Financial Statements which should be identified as Attachment C. Economic Feasibility.10. The last page of an application should be the completed affidavit.

Failure by the applicant to file an application within five (5) days after publication of the Letter of Intent shall render the Letter of Intent, and hence the application, **void**.

**FILING FEE:** The amount of the initial filing fee shall be an amount equal to \$2.25 per \$1,000 of the estimated project cost involved, but in no case shall the fee be less than \$3,000 or more than \$45,000. Checks should be made payable to the Health Services and Development Agency.

**FILING FEES ARE NON-REFUNDABLE** and must be received by the Agency before review of the application will begin.

**REVIEW OF APPLICATIONS FOR COMPLETENESS:** When the application is received at the Agency office, it will be reviewed for completeness. The application must be consistent with the information given in the Letter of Intent in terms of both project scope and project cost. ***Review for completeness will not begin prior to the receipt of the filing fee.***

1. If the application is deemed complete, the Agency will acknowledge receipt and notify the applicant as to when the review cycle will begin. "Deeming complete" means that all questions in the application have been answered and all appropriate documentation has been submitted in such a manner that the Health Services and Development Agency can understand the intent and supporting factors of the application. Deeming complete shall not be construed as validating the sufficiency of the information provided for the purposes of addressing the criteria under the applicable statutes, the Rules of the Health Services and Development Agency, or the standards set forth in the State Health Plan/Guidelines for Growth.
2. If the application is incomplete, requests by Agency staff for supplemental information must be completed by the applicant within sixty (60) days of the written request. Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days which is allowed by the statute. If the requested information is submitted within sixty (60) days of the request, but not by the date specified in the staff's letter, the application is not void, but will enter the ***next*** review cycle. If an application is not deemed complete within sixty (60) days after the written notification is given by the Agency staff that the application is deemed incomplete, the application shall be deemed void. If the applicant decides to re-

submit the application, the applicant shall comply with all procedures as set out by this part and a new filing fee shall accompany the refiled application.

Each supplemental question and its corresponding response shall be typed and submitted on a separate sheet of 8 1/2" x 11" paper, be filed in ***triplicate***, and include a signed affidavit. All requested supplemental information must be received by the Agency to allow staff sufficient time for review before the beginning of the review cycle in order to enter that review cycle.

3. Applications for a Certificate of Need, including competing applications, will not be considered unless filed with the Agency within such time as to assure such application is deemed complete.

***All supplemental information shall be submitted simultaneously and only at the request of staff, with the only exception being letters of support and/or opposition.***

The Agency will promptly forward a copy of each complete application to the Department of Health or the Department of Mental Health and Developmental Disabilities for review. The Department reviewing the application may contact the applicant to request additional information regarding the application. The applicant should respond to any reasonable request for additional information promptly.

**AMENDMENTS OR CHANGES IN AN APPLICATION:** An application for a Certificate of Need which has been deemed complete **CANNOT** be amended in a substantive way by the applicant during the review cycle. Clerical errors resulting in no substantive change may be corrected.

- \* **WITHDRAWAL OF APPLICATIONS:** The applicant may withdraw an application at any time by providing written notification to the Agency.

- \* **TIMETABLE FOR CERTIFICATE OF NEED EXPIRATION:** The Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall **expire**; *however*, the Agency may extend a Certificate of Need for a reasonable period upon application and good cause shown, accompanied by a non-refundable filing fee, as prescribed by Rules. An extension cannot be issued to any applicant unless substantial progress has been demonstrated. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- \* **For further information concerning the Certificate of Need process, please call the offices of the Health Services and Development Agency at 615/741-2364.**

- \* For information concerning the Joint Annual Reports of Hospitals, Nursing Homes, Home Care Organizations, or Ambulatory Surgical Treatment Centers, call the Tennessee Department of Health, Office of Health Statistics and Research at 615/741-1954
- \* For information concerning Guidelines for Growth call the Health Services and Development Agency at 615/741-2364. For information concerning Picture of the Present call the Department of Health, Office of Health Statistics at 615/741-9395.
- \* For information concerning mental health and developmental disabilities applications call the Tennessee Department of Mental Health and Developmental Disabilities, Office of Policy and Planning at 615/532-6500.

## **SECTION A: APPLICANT PROFILE**

Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A". ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.***

***For Section A, Item 1, Facility Name must be applicant facility's name and address must be the site of the proposed project.***

***For Section A, Item 3, Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State.***

***For Section A, Item 4, Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.***

***For Section A, Item 5, For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.***

Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.

***For Section A, Item 6, For applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.***

JUN 15 15:41:11

<b>1.</b>	<b><u>Name of Facility, Agency, or Institution</u></b>			
<u>Stones River Manor, Inc.</u> Name				
<u>205 Haynes Drive</u> Street or Route			<u>Rutherford</u> County	
<u>Murfreesboro</u> City		<u>TN</u> State	<u>37129</u> Zip Code	
<b>2.</b>	<b><u>Contact Person Available for Responses to Questions</u></b>			
<u>Michael D. Brent</u> Name			<u>Attorney</u> Title	
<u>Bradley Arant Boult Cummings LLP</u> Company Name			<u>mbrent@babbc.com</u> Email Address	
<u>1600 Division Street, Suite 700</u> Street or Route		<u>Nashville</u> City	<u>TN</u> State	<u>37203</u> Zip Code
<u>Attorney</u> Association with Owner		<u>615-252-2361</u> Phone Number	<u>615-252-6361</u> Fax Number	
<b>3.</b>	<b><u>Owner of the Facility, Agency or Institution</u></b>			
<u>Stones River Manor, Inc.</u> Name			<u>(615) 893-5617</u> Phone Number	
<u>205 Haynes Drive</u> Street or Route			<u>Rutherford</u> County	
<u>Murfreesboro</u> City		<u>TN</u> State	<u>37129</u> Zip Code	
<b>4.</b>	<b><u>Type of Ownership of Control (Check One)</u></b>			
A. Sole Proprietorship _____		F. Government (State of TN or _____ Political Subdivision) _____		
B. Partnership _____		G. Joint Venture _____		
C. Limited Partnership _____		H. Limited Liability Company _____		
D. Corporate (For Profit) _____		I. (Other) Specify _____		
E. Corporation (Not-for-Profit) <u>X</u> _____				

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER OF ALL ATTACHMENTS.**

**5. Name of Management/Operating Entity (If Applicable)**

N/A

Name

Street or Route

County

City

State

Zip Code

**PUT ALL ATTACHMENT AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

**6. Legal Interest in the Site of the Institution (Check One)**

- A. Ownership ☒ D. Option to Lease \_\_\_\_\_  
B. Option to Purchase \_\_\_\_\_ E. Other (Specify) \_\_\_\_\_  
C. Lease of \_\_\_\_ Years \_\_\_\_\_

**PUT ALL ATTACHMENT AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

**7. Type of Institution (Check as appropriate—more than one response may apply)**

- |   |   |
|---|---|
| A. Hospital (Specify) _____   | I. Nursing Home <input checked="" type="checkbox"/> |
| B. Ambulatory Surgical Treatment<br>Center (ASTC), Multi-Specialty _____    | J. Outpatient Diagnostic Center _____               |
| C. ASTC, Single Specialty _____   | K. Recuperation Center _____                        |
| D. Home Health Agency _____   | L. Rehabilitation Facility _____                    |
| E. Hospice _____  | M. Residential Hospice _____                        |
| F. Mental Health Hospital _____   | N. Non-Residential Methadone<br>Facility _____      |
| G. Mental Health Residential<br>Treatment Facility _____                    | O. Birthing Center _____                            |
| H. Mental Retardation Institutional<br>Habilitation Facility (ICF/MR) _____ | P. Other Outpatient Facility<br>(Specify) _____     |
|   | Q. Other (Specify) _____                            |

**8. Purpose of Review (Check as appropriate—more than one response may apply)**

- |  |  |
|--|--|
| A. New Institution <input checked="" type="checkbox"/>   | G. Change in Bed Complement  |
| B. Replacement/Existing Facility _____   | [Please note the type of change  |
| C. Modification/Existing Facility _____  | by underlining the appropriate   |
| D. Initiation of Health Care<br>Service as defined in TCA §<br>68-11-1607(4)<br>(Specify) <u>Skilled nursing</u> <input checked="" type="checkbox"/> | response: Increase, Decrease,<br>Designation, Distribution,<br>Conversion, Relocation] _____ |
| E. Discontinue of OB Services _____  | H. Change of Location _____  |
| F. Acquisition of Equipment _____  | I. Other (Specify) _____   |



**9. Bed Complement Data**

**Please indicate current and proposed distribution and certification of facility beds.**

	<b>Current Beds Licensed *CON</b>	<b>Staffed Beds</b>	<b>Beds Proposed</b>	<b>TOTAL Beds at Completion</b>
A. Medical	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____
H. Adult Psychiatric				
I. Geriatric Psychiatric				
J. Child/Adolescent Psychiatric				
K. Rehabilitation	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____
O. Nursing Facility Level 2	_____	_____	30	30
P. ICF/MR	_____	_____	_____	_____
Q. Adult Chemical Dependency (Detox)				
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____

**TOTAL**

\*CON-Beds approved but not yet in service

**10. Medicare Provider Number** Will apply for  
**Certification Type** Skilled Nursing Facility

**11. Medicaid Provider Number** Medicaid Certification not currently anticipated  
**Certification Type** \_\_\_\_\_

**12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? Yes**

**13. Identify all TennCare Managed Care Organizations/Behavioral Health Organization (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes. If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.**

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

**Response to Section A, Item 3:** Please See Attachment A.3.

**Response to Section A, Item 4:** Stones River Manor, Inc. (the “Applicant”) is a Tennessee non-profit corporation and there are no individuals who have any ownership interest in the corporation. The Applicant does not have any ownership or other financial interest in any other health care institution.

**Response to Section A, Item 6:** Please see Attachment A.6.

**Response to Section A, Item 13:** The Applicant does not currently have contracts with any Managed Care Organizations (“MCOs”), but, if the project for which this application has been filed is approved, the Applicant will seek contracts with the following MCOs:

- AmeriChoice
- AmeriGroup Community Care
- Blue Cross/Blue Shield of Tennessee
- Humana
- TennCare Select
- United Healthcare

In addition, while the Applicant is not currently certified to provide Medicare and Medicaid (i.e., TennCare) services to its independent living or assisted living residents, the Applicant will seek Medicare certification should this project be approved (although Medicaid certification is not currently anticipated).

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

### **RESPONSE:**

#### **Introduction and Background**

The Applicant owns and operates Stones River Manor, located at 205 Haynes Drive, a Christian home for seniors founded by the Churches of Christ. It is Murfreesboro's only not-for-profit senior living community and offers a unique benevolent aid program through its charitable foundation, for residents with financial concerns. Funding for the benevolent aid program is provided, in part, by contributions from churches and individuals.

Opened in 1977, Stones River Manor was Murfreesboro's first home for the elderly, and later became the first licensed assisted living facility in Rutherford County. "The Manor" began with just 29 rooms, but has grown over the years to accommodate more than 100 residents. In addition to five levels of assisted living care, the Manor also offers independent living apartments in both one and two bedroom configurations, adult day care services, and a full slate of clinical and therapy services.

The Applicant proposes the construction of a new 30-bed skilled nursing facility, a rehabilitation center, and a 24-bed dementia care facility. These new buildings will be located adjacent to the southern side of the Applicant's current independent living and assisted living facilities at 205 Haynes Drive in Murfreesboro (Rutherford County), Tennessee to create a complete Continuing Care Retirement Community ("CCRC"). The newly constructed skilled nursing facility will house 24 rooms, comprised of 18 private rooms (18 beds) and 6 semi-

private rooms (12 beds) for a total of 30 beds. The total square footage of the skilled nursing facility will be 16,215.

#### Need for 30 Medicare-Certified Beds

According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Rutherford County currently has and will continue to have a significant bed need. In 2015, the bed need is 1,251. In 2016 and 2017, the bed need is projected to be 1,303 and 1,362, respectively. There are currently 8 licensed nursing homes with 933 beds in Rutherford County. The current bed need formula indicates a net need for 370 beds in 2016 and 429 beds in 2017.

Three of the facilities in the service area have occupancy rates above 95%, and six have occupancy rates above 85%. This indication of high utilization, the projected bed need of 370 beds in 2016, and demand from patients and their families for modernized facilities with rehabilitation therapy programs support approval of this project so that need does not outpace the facilities' capacity and the quality of the health care provided can be maintained.

#### Project Cost, Funding and Feasibility

The total estimated project cost is \$2,729,126.75. Construction costs are \$2,300,000 or 84.3 percent of total cost. The source of funding for the proposed project will be a combination of a commercial loan, donations, and cash reserves.

The Applicant is projecting an average daily census of 27 patients in Year 1, for an average annual occupancy rate of 90 percent. The Applicant projects an average daily census of 28 patients in Year 2, for an average annual occupancy rate of 93.3 percent. Since the construction of the skilled nursing facility will generate little or no increase to the debt load, and based upon the projected census data, financial viability will almost certainly be realized within the two-year time frame proposed. Since the Applicant's current debt is minimal with substantial collateral and a very attractive debt service ratio, funds generated by its capital campaign, together with any bank funding that may be required, will be more than adequate to guarantee positive cash flow very early.

#### Staffing

The Applicant pays wages and offers benefits that are in-line with the prevailing rates of other employment opportunities in the community. The Facility also benefits from local schools such as Middle Tennessee State University and Tennessee College of Applied Technology. The Applicant does not anticipate difficulty filling positions needed for the project.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

**RESPONSE:** The project will involve the construction of a new 30-bed skilled nursing facility, a rehabilitation center, and a 24-bed dementia care facility. These new buildings will be located adjacent to the southern side of the Applicant's current independent living and assisted living facilities at 205 Haynes Drive in Murfreesboro (Rutherford County), Tennessee to create a complete Continuing Care Retirement Community ("CCRC"). The newly constructed skilled nursing facility will house 24 rooms, comprised of 18 private beds and 6 semi-private beds for a total of 30 beds. The total square footage of the skilled nursing facility will be 16,215. In addition, the Applicant will renovate its current Assured Care Center to include an assisted living special needs care wing, an adult day care area, and a chapel. The total square footage of the new construction area will be 26,600. The project will not involve the acquisition of major medical equipment.

The total estimated project cost is \$2,729,126.75 for a total cost per square foot of \$168.31. Of the total estimated project cost, \$2.3 million will be allocated for the construction of the skilled nursing facility and rehabilitation center for a cost per square foot of \$141.84.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

**RESPONSE:** The Applicant intends to establish thirty (30) Medicare skilled nursing beds as a result of the proposed project. The establishment of a nursing home within the existing Stones River Manor retirement and assisted living community will allow it to become a CCRC and will ensure the Applicant's ability to continue to meet the needs of its residents as the population continues to grow and age and requires skilled nursing services.



C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

**RESPONSE:** The Applicant will initiate skilled nursing home care in its new skilled nursing facility, assuming the CON is granted, primarily to serve the residents of the Stones River Manor community in Rutherford County, Tennessee. The beds, which will be certified for participation in the Medicare program, will allow the facility to address an existing demand for increased access to services in Rutherford County, especially for residents of Stones River Manor. To become a CCRC, the Applicant's ability to ensure access to skilled nursing home care to those residents requiring it is vital. The Guidelines for Growth show that Rutherford County has insufficient bed availability. The current bed need formula indicates a net need for 370 beds in 2016 and 429 beds in 2017. The Applicant's application for a 30 bed skilled nursing facility is supported by both the current and projected general need for nursing beds in the service area, and by the specific needs of Stones River Manor residents as indicated by the number of residents admitted to skilled nursing facilities (both in Rutherford County and other counties) in recent years.

D. Describe the need to change location or replace an existing facility.

**RESPONSE:** Not applicable.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of



\$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:
    1. Total cost; (As defined by Agency Rule).
    2. Expected useful life;
    3. List of clinical applications to be provided; and
    4. Documentation of FDA approval.
  - b. Provide current and proposed schedules of operations.
2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost.
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

**RESPONSE:** Not applicable. The project does not involve the acquisition of any major medical equipment as defined by HSDA rules.

- III. A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:

1. Size of site (*in acres*);
2. Location of structure on the site;
3. Location of the proposed construction; and
4. Names of streets, roads or highway that cross or border the site.

***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.***

**RESPONSE:** Please see Attachment B.III.(A).

- B. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**RESPONSE:** The existing senior living community and the proposed site are located near the intersection of Haynes Drive and Memorial Boulevard in Murfreesboro, Tennessee. The proposed site is less than a ten-minute drive to I-24, I-840, and Highway 70 (Murfreesboro Road). The ease of access from these major limited access roads (and their respective connections to smaller federal, state and county highways) provides easy access to the Applicant's facility from all points of its service area. Entrance and exit to and from the new skilled nursing facility shall be by two direct routes and three indirect routes. Direct entry points are from Castlewood Drive on the south and Wendelwood Drive from the west. Indirect access is available from two Haynes Drive entrances and one Castlewood Drive entry at the southeast corner of the property. Access to Highway 231 North (Memorial Boulevard) is available from both Haynes Drive, on the north side of the campus, and Castlewood Drive, on the south side of the campus, and within less than one hundred yards distance.

The proposed facility's location is very accessible to its service population. The proposed facility is approximately 5 miles from Saint Thomas Rutherford Hospital, which is licensed for 286 acute care beds, and the Alvin C. York V.A. Medical Center. The facility's location within a short driving distance to the hospital makes skilled nursing care very convenient. The ability to have nursing services closer to home has many benefits, including the psychological benefit of being near family and friends, which often results in better therapeutic results.

Rutherford County is the fifth-most populous county in Tennessee with over 260,000 residents as of the 2010 census. In 2007, the City of Murfreesboro began offering public transportation to residents of the city along eight routes. Public transportation via Rover, the city bus transit system, is accessible at two points on Memorial Boulevard within short walking distance of the campus and has been regularly utilized by the Applicant's staff and residents.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

**RESPONSE:** Please see Attachment B.IV.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

**RESPONSE:** Not applicable.

## **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

## QUESTIONS

### NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

**1. Guidelines for Growth Criteria - Need 1:** *According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:*

County bed need = .0005 x pop. 65 and under, plus  
.0120 x pop. 65 – 74, plus  
.0600 x pop. 75-84, plus  
.1500 x pop. 85, plus

**RESPONSE:** According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Rutherford County currently has and will continue to have a significant bed need. In 2015, the bed need is 1,251. In 2016 and 2017, the bed need is projected to be 1,303 and 1,362, respectively. Please see the attached table at Exhibit Section C – Need – 1. A at the end of the application. This need is projected to grow significantly in Rutherford County (at least 50 beds per year) as that population ages.

**2. Guidelines for Growth Criteria - Need 2:** *The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.*

**RESPONSE:**

According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Rutherford County has a bed need projected to be 1,303 and 1,362 in 2016 and 2017, respectively.

**3. Guidelines for Growth Criteria - Need 3:** *The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.*

**RESPONSE:**

According to the Tennessee Department of Health's health facility licensure search, there are currently 8 licensed nursing homes with 933 beds in Rutherford County. The current bed need formula indicates a net need for 370 beds in 2016 and 429 beds in 2017.

**4. Guidelines for Growth Criteria - Need 4:** *"Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.*

**RESPONSE:** The Applicant's proposed service area is Rutherford County. In addition, the Applicant will serve primarily the current and future residents of the CCRC. The Applicant is centrally located within Rutherford County, so it is well within 30 minutes travel time for the majority of the population of its service area and thus will be a source of quality health care to the community's senior population.

**5. Guidelines for Growth Criteria - Need 5:** *The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:*

*a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and*

*b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.*

**RESPONSE:** Criteria 5a and 5b are not applicable. The application does not propose new nursing home beds "in excess of the need standard" for Rutherford County. It proposes instead to add needed beds.

**6. Guidelines for Growth Criteria – Occupancy & Size 1:** *A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.*

**RESPONSE:** The Applicant projects that it will operate at 90 percent occupancy in Year One and Year Two of the project as reflected in the projected data charts.

**7. Guidelines for Growth Criteria – Occupancy & Size 2:** *There shall be no additional nursing home beds approved for service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality*

assurance regulations shall be considered in determining the service area's average occupancy rate.

**RESPONSE:**

All eight facilities in the service area of Rutherford County have more than fifty (50) beds and their average annual occupancy rates are listed below according to the 2012 – 2013 Joint Annual Reports of Nursing Homes. While all facilities in the service area do not have average annual occupancy rates of 95%, many of these facilities are older and in need of updates and do not have outpatient rehabilitation therapy programs. At least one of the facilities, Mayfield Rehabilitation and Special Care Center, operates three-bed wards, which may be operated as semi-private rooms given the decreased use of wards consistent with current trends and patient and family requests. In addition, Peachtree Center Nursing and Rehabilitation has a significantly larger number of semi-private beds versus private beds (94 v. 4). It is possible that this facility's occupancy rate is lower because some of the semi-private rooms are being utilized as private rooms. Three of the facilities in the service area have occupancy rates above 95%, and six have occupancy rates above 85%. This indication of high utilization, the projected bed need of 370 beds in 2016, and demand from patients and their families for modernized facilities with rehabilitation therapy programs support approval of this project so that need does not outpace the facilities' capacity and the quality of the health care provided can be maintained.

<b>Nursing Facility</b>	<b>No. of Beds</b>	<b>Average Annual Occupancy Rate (2012–2013)</b>
Adams Place	90	96.9%
Boulevard Terrace Rehabilitation and Nursing Center	100	75.5%
Community Care of Rutherford County	131	95.6%
Mayfield Rehabilitation and Special Care Center	125	91.4%
NHC Healthcare, Murfreesboro	181	85.5%
Northside Health Care Nursing and Rehabilitation Center	68	89.6%
Peachtree Center Nursing and Rehabilitation	98	80.5%

Tennessee Veterans Home	140	95.3%
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**8. Guidelines for Growth Criteria – Occupancy & Size 3:** *A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.*

**RESPONSE:**

Not applicable. The Applicant is seeking to establish a nursing home, not to expand capacity of an existing nursing home.

**9. Guidelines for Growth Criteria – Occupancy & Size 4:** *A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.*

**RESPONSE:** The Applicant is seeking the establishment of a skilled nursing facility with thirty Medicare-certified beds.

The proposed project will further the 5 Principles for Achieving Better Health as set forth in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

**RESPONSE:** While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community and state levels that will help improve the health status of Tennesseans, this project is consistent in that it supports a continuum of care model where patients will be able to receive intensive skilled nursing care and rehabilitative services within the community in which they live. The Applicant's campus design provides the most effective care in a person-centered environment, that is also the least-restrictive and least-costly option available, where the individual can live the healthiest life possible. The project will further the Applicant's ability to provide state of the art long term care services.

2. Every citizen should have reasonable access to health care.

**RESPONSE:** The Applicant's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services and provides a continuum of care for residents of the CCRC. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and older, as well as disabled individuals below this threshold



age, access to long term care Medicare beds is a function of bed availability in the market.

3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.

**RESPONSE:** The Applicant's project speaks to the very heart of this principle at several levels. By assuring that the appropriate level of care and health care beds are available, when needed, the state's health care system will be able to keep cost to their lowest level possible by making sure patients are able to utilize services at the lowest level of care possible (skilled nursing versus an acute care setting).

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

**RESPONSE:** If approved, the Applicant's facility will be a long term care provider that is surveyed both at the State and Federal levels. Through various sources, including the Medicare.gov website and the Nursing Home Compare data sets, consumers can now compare and research long term care providers, home care providers and acute care providers.

5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

**RESPONSE:** Ultimately, the construction of the expanded skilled nursing facility will allow the existing campus to expand and allow the Applicant to further develop its assisted living and other components. That new expansion will result in a net increase in health care employment opportunities in the community. Moreover, the Applicant will pay wages and offer benefits that are in-line with the prevailing rates of other employment opportunities in the community.

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

**RESPONSE:** Not applicable.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

**RESPONSE:** The 30-bed skilled nursing facility is the natural next-step progression of the Applicant's long-range plan for the care of the elderly in the community. Over 38 years, the Applicant has grown from a 29-room home for the aged to a licensed, 100-bed assisted living facility with 22 licensed dementia

care rooms and 30 independent living apartments. The Applicant also provides adult day care services and respite care. A recent feasibility study showed that 76 percent of respondents agreed that the lack of a skilled nursing facility was Stones River Manor's only shortcoming. Beyond these proposed expansions of the skilled nursing facility, rehabilitation center and dementia care facility, further expansion of adult day care and independent living facilities are also included in the long-range goal. The capital campaign for this expansion is also just the first step in a long-range plan to develop ongoing fundraising efforts through capital projects and estate planning which will assure the ongoing operation of the Applicant's benevolent financial assistance to indigent residents.

The Applicant operates a charitable foundation to provide financial support for its current assisted living facility residents who "outlive their assets," to ensure that these residents may remain at home despite their inability to pay. The Applicant does not turn away its assisted living residents due to inability to pay and, similarly, will not turn away its skilled nursing patients who outlive their resources. Although Medicaid certification is not currently anticipated, in the future the Applicant may find it beneficial to seek Medicaid certification if the number of residents who "outlive their assets" as they transition from assisted living to skilled nursing begins to erode the assets of the charitable foundation.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

**RESPONSE:** Please see Attachment C. Need 3.

4. A. Describe the demographics of the population to be served by this proposal.

**RESPONSE:** The population in the proposed service area, Rutherford County, is growing exponentially and is projected to continue to grow over the next five years:

County	2010 Population	2015 Population	2020 Population
Rutherford	262,604	302,237	348,550

*Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health*

Moreover, the population of Rutherford County and its surrounding counties is experiencing a large increase in its population that is age 65 and older, which indicates further need for the services that the Applicant provides. In addition,

with Nissan's recently announced plans in Rutherford County, a 1,000-job expansion in Smyrna at its planned 1.5 million square foot supplier park, the anticipated growth will lead to greater demand for skilled nursing services for the families of Nissan employees similar to the growth in demand that resulted when Nissan moved its headquarters to Williamson County. The Applicant's facility is located within a 15-20 minute drive of the Nissan plant in Smyrna.

The following chart illustrates the demographics of the proposed service area and surrounding counties with respect to the aging population therein:

#### Demographics of the Service Area and Surrounding Counties

County	65+				Total Population		
	2010	2015	%65+ 2015	2020	2010	2015	2020
Rutherford	21,566	28,650	9.48%	36,638	262,604	302,237	348,550
Wilson	13,868	18,939	14.97%	23,647	113,993	126,472	137,740
Cannon	2,216	2,550	17.94%	2,769	13,801	14,218	14,691
Coffee	8,322	7,938	14.48%	7,113	52,796	54,817	58,444
Bedford	5,834	7,002	14.56%	8,023	45,058	48,099	52,458
Marshall	4,018	4,970	15.82%	5,838	30,617	31,413	32,665
Williamson	17,807	24,219	11.65%	30,193	183,182	207,872	234,098
Davidson	65,403	77,086	11.62%	92,154	626,473	663,151	694,104
Maury	10,479	12,774	15.48%	15,062	80,956	82,526	83,744
DeKalb	2,956	3,448	18.15%	3,831	18,723	18,996	19,211
<b>Total</b>	<b>152,469</b>	<b>187,576</b>	<b>14.42%</b>	<b>225,268</b>	<b>1,428,203</b>	<b>1,549,801</b>	<b>1,675,705</b>

*Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health*

The 2010 census put the population of Rutherford County at 262,604. This represents a greater than 40% population growth since the 2000 U.S. Census. As of 2009, it was estimated that the total minority fraction of the population had grown to almost 20% of the total, with Hispanic population at 5.58%, African-American population at 12.09%, and Asian population at 2.66% of the total.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**RESPONSE:** Rutherford County has been designated a health professional shortage area and there is one tract in Rutherford County that has been designated as a medically underserved area. The approval of this project will bring more health care resources to the service area. Moreover, the Applicant has very generous

resources for those patients who outlive their resources. The residents of the community represent the full cultural, social, economic, and racial cross-section of citizens in Rutherford County.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**RESPONSE:** There are currently eight other nursing homes in Rutherford County. Below is a chart that includes the occupancy rates for each of the eight nursing homes:

**Average Daily Census for Nearby Nursing Homes**

Facility	2011	2012	2013	2014
<b>Rutherford County</b>				
Adams Place	98.45%	97.45%	96.25%	95%
Boulevard Terrace Rehab and Nursing	76.15%	93.16%	57.89%	73%
Community Care of Rutherford County	96.21%	96.80%	94.30%	93%
Mayfield Rehabilitation and Special Care	91.35%	93.41%	89.37%	90%
NHC Healthcare, Murfreesboro	95.29%	94.57%	76.39%	87%
Northside Health Care Nursing and Rehab	92.38%	89.66%	89.45%	88%
Peachtree Center Nursing and Rehab	57.06%	81.39%	79.65%	85%
Tennessee Veterans Home	95.72%	95.52%	95.17%	95%

Sources: 2011 – 2013 Tennessee Joint Annual Reports; 2014 occupancy data from [ucomparehealthcare.com](http://ucomparehealthcare.com) and [nursinghomerating.org](http://nursinghomerating.org).

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**RESPONSE:** The Applicant is seeking to establish a new nursing home and, as such, cannot provide historical utilization statistics. However, the Applicant expects that the facility will maintain 90 percent occupancy for the first two years following completion of the project. The following chart contains the Applicant's projected

annual utilization for the two years following completion of the project (2017 through 2018):

<b>Payor</b>	<b>2017</b>	<b>2018</b>
Medicare	20	22
Private Pay	7	6
<b>Total Patients:</b>	<b>27</b>	<b>28</b>

These projections are based upon the Applicant's ten years of planning and the past three years study with assistance and expertise of consultants in the local skilled nursing facility industry. The Applicant discharges three to six residents monthly to hospitals, many of whom go on to skilled nursing facilities for rehabilitation or long-term care. The Applicant anticipates that it could operate at 90 percent occupancy within the first year of opening, with many of the patients coming from the Applicant's assisting living facility. Supporting this belief is the fact that the Applicant, in its current independent living and assisted living services, has maintained better than 95 percent occupancy annually for more than eight straight years.

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

**RESPONSE:** Please see Project Costs Chart and Attachment Section C: Economic Feasibility – 1 for documentation from an architect supporting the estimated construction costs.

## PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase	
1.	Architectural and Engineering Fees	\$171,000
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$30,000
3.	Acquisition of Site	
4.	Preparation of Site	\$22,000
5.	Construction Costs	\$2,300,000
6.	Contingency Fund	\$50,000
7.	Fixed Equipment (Not included in Construction Contract)	\$150,000
8.	Moveable Equipment (List all equipment over \$56,000)	
9.	Other (Specify) _____	
B.	Acquisition by gift, donation, or lease: Not Applicable.	
1.	Facility (inclusive of building and land)	
2.	Building only	
3.	Land only	
4.	Equipment (Specify) _____	
5.	Other (Specify) _____	
C.	Financing Costs and Fees: Not Applicable.	
1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve of One Year's Debt Service	
4.	Other (specify) _____	
D.	Estimated Project Cost (A+B+C+)	\$2,723,000
E.	CON Filing Fee	\$6,126.75
F.	Total Estimated Project Cost (D+E)	\$2,729,126.75
<b>TOTAL</b>		<b>\$2,729,126.75</b>

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☒ A Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☒ F Other—Identify and document funding from all other sources.

**RESPONSE:** The source of funding for the proposed project will be a combination of a commercial loan, donations, and cash reserves. Please see Attachment Section C: Economic Feasibility – 2 for documentation from the commercial lender confirming the terms of a proposed loan and the Applicant's cash reserves.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**RESPONSE:** The total estimated project cost is \$2,729,126.75. Construction costs are \$2,300,000 or 84.3 percent of total cost. The construction cost is \$141.84 per square foot. As reflected in the table below, the new construction cost is well below the 1<sup>st</sup> quartile of \$164.57 per square foot for statewide nursing home construction projects from 2010 to 2012.



**Statewide Nursing Home Construction Cost Per Square Foot  
2010-2012**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$19.30/sq. ft.	\$164.57/sq. ft.	\$73.23/sq. ft.
<b>Median</b>	\$35.76/sq. ft.	\$167.31/sq. ft.	\$166.57/sq. ft.
<b>3<sup>rd</sup> Quartile</b>	\$55.00/sq. ft.	\$181.72/sq. ft.	\$167.61/sq. ft.

*Source: HSDA Applicant's Toolbox*

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

**RESPONSE:** Please see Attachment C. Economic Feasibility – 4. Historical and Projected Data Charts.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

**RESPONSE:** The project's average gross charge, average deduction from operating revenue, and average net charge are as follows:

	<b>2017</b>	<b>2018</b>
<b>Average Gross Charge</b>	\$10,276	\$11,018
<b>Average Deduction</b>	\$7,319	\$7,746
<b>Average Net Charge</b>	\$2,957	\$3,272

6. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

**RESPONSE:** Below is a chart that reflects the proposed charge schedules for the project.

Payor	Year 1 - 2017	Year 2 - 2018
Private Pay	\$168	\$168
Medicare	\$455	\$455

- a. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**RESPONSE:** Below is a chart of the charges of similar facilities in Rutherford County, which reflects that the Applicant's proposed charge schedule is in line with other providers in the service area.

**Applicant's Proposed Charges as Compared to Existing Facilities in Rutherford County**

Facility	Medicare	Medicaid	Private Room	Semi-Private Room
Applicant	\$455	N/A	\$168	\$168
Adams Place	\$523	N/A	\$235	\$206
Boulevard Terrace Rehab and Nursing	\$481	\$159	N/A	N/A
Community Care of Rutherford County	\$215	\$170-\$215	\$182-\$225	\$170-\$215
Mayfield Rehabilitation and Special Care	\$449	\$147-\$162	N/A	\$180
NHC Healthcare, Murfreesboro	\$459	\$171-185	\$226-\$247	\$201-\$207
Northside Health Care Nursing and Rehab	\$426	\$171	\$193-\$198	N/A
Peachtree Center Nursing and Rehab	\$185	\$185	\$190	\$185
Tennessee Veterans Home	\$399	\$165-\$178	\$228-\$263	\$208-\$243

*Source: 2013 Joint Annual Reports*

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

**RESPONSE:** The Applicant is projecting an average daily census of 27 patients in Year 1, for an average annual occupancy rate of 90 percent. The Applicant projects an average daily census of 28 patients in Year 2, for an average annual occupancy rate of 93.3 percent. The projected utilization is sufficient to render the project financially feasible as discussed below.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

**RESPONSE:** The proposed charges, based on financial pro forma models and at the expected occupancy rates, will generate ample revenues to sustain optimum cost effectiveness. These projections indicate an annual gross margin significantly greater than the current annual gross in the Applicant's present independent living and assisted living operations, which are self-sustaining.

Since the construction of the skilled nursing facility will generate little or no increase to the debt load, financial viability will almost certainly be realized within the two-year time frame proposed. Since the Applicant's current debt is minimal with substantial collateral and a very attractive debt service ratio, funds generated by its capital campaign, together with any bank funding that may be required, will be more than adequate to guarantee positive cash flow very early. By filling rooms within the first 6 months or less, positive cash flow will be established and financial viability will be achieved.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

**RESPONSE:** The Applicant is seeking the addition of 30 Medicare-certified beds. The Applicant anticipates that Year One revenues will consist of approximately 90% Medicare and 10% private pay.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

**RESPONSE:** Please see *Attachment C: Economic Feasibility – 10*.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- i. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.
- ii. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

**RESPONSE:** The Applicant considered the following alternatives to the proposed project.

- Alternative No. 1: Continue as-is with no expansion. This alternative has been considered numerous times in the past and rejected each time, as it was this time. The Applicant has expanded several times over its 38-year history, each time to meet the demands of our growing elderly population and to provide needed services to our residents. The advantages associated with a “no-growth” philosophy are practically non-existent. Over the short range, the advantages to no-growth are 1) minimal added operating expense, 2) no additional debt and 3) no additional staffing concerns. The disadvantages, of course, are 1) no additional revenues, 2) no added services, 3) declining value of current services offered, 4) deterioration of existing facilities and 5) loss of competitive value in the marketplace.
- Alternative No. 2: Expand independent living rather than add a skilled nursing facility. The advantage to this plan was obvious. Contrary to most independent living/assisted living models, Stones River Manor has many more assisted living units than independent living units, 100 to 30. Since independent living is the natural feeder to the assisted living facility, it is beneficial to have more independent living than assisted living, which most CCRCs have. This insures continued high occupancy in the assisted living sector. The Applicant also maintains a long waiting list for independent living, and both of its recent expansions to its independent campus have enjoyed 100 percent occupancy from the day they were opened. All indications are that additional independent living units would also fill immediately generating positive cash flow from day one. The only reason not to proceed with independent living prior to the skilled nursing facility was the need of the Applicant’s current residents. The feasibility study showed that by a very wide margin the Applicant’s families want and need the skilled nursing facility. Stones River Manor is their home and they simply do not want to leave. Also, many of the residents have to leave the campus, at least temporarily, when rehabilitation services are needed. It is in the best interest of the residents to be able to provide rehab and long-term care services, right up to the end of life, right where they live, without ever having to leave.

- Alternative No. 3: Add a modern, new dementia care facility rather than a skilled nursing facility. Advantage – less than half the cost, less regulation than the skilled nursing sector, and very good experience. Disadvantage – very slow return on investment and does not complete the CCRC, which is the Applicant's primary goal.

## **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

**RESPONSE:** The Applicant will have transfer agreements in place with Saint Thomas Rutherford Hospital and TrustPoint Hospital and an agreement for home health services with SunCrest Home Health.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

**RESPONSE:** The Applicant anticipates only positive effects on the health care system in the service area with little or no negative impact. The skilled nursing facilities in Rutherford County are typically filled, and rehabilitation beds are scarce. The Applicant believes that its 30-bed facility will provide a much needed service to the community without diminishing the service of other facilities in the county. It will especially provide the rehabilitation and long-term care services to the Applicant's existing population without the need to transfer residents off campus for these services.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

**RESPONSE:** The following chart lists the Applicant's anticipated staffing for the 30-bed skilled nursing facility:

### **Applicant's Anticipated Staffing Information**

<b>Position</b>	<b>FTEs</b>	<b>Pay/Hour</b>
Administrator	1.0	\$ 45.77
Director of Nursing	1.0	\$ 39.66

Social Worker	1.0	\$ 22.62
CPA/Finance Coordinator	1	\$ 27.05
MDS/Resident Assessment Coordinator	1	\$ 22.85
Receptionist/Clerical Aid	1	\$ 11.73
RN	2.0	\$ 26.07
LPN	3.0	\$ 20.05
CNA	6.0	\$ 11.50
Activities Specialist	1	\$ 11.18
Maintenance Staff	1	\$ 15.03
Dietary Staff	2	\$ 9.83
Housekeeping Laundry Staff	2	\$ 10.01
<b>Total</b>	<b>23</b>	

According to the May 2013 State Occupational Employment and Wage Statistics for Tennessee published by the U.S. Bureau of Labor Statistics, the median hourly wage for RNs is \$26.96, for LPNs is \$17.22, and for CNAs is \$10.83. As such, the Applicant's proposed wages are in-line with the state-wide averages for such positions in Tennessee.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

**RESPONSE:** The Applicant pays wages and offers benefits that are in-line with the prevailing rates of other employment opportunities in the community. The Facility also benefits from local schools such as Middle Tennessee State University and Tennessee College of Applied Technology. The Applicant does not anticipate difficulty filling positions needed for the project.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

**RESPONSE:** The Applicant has reviewed and understands the aforementioned requirements.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

**RESPONSE:** The Applicant has relationships with Middle Tennessee State University, through its MTSU Ahead Program, and Tennessee College of Applied Technology for training students.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

**RESPONSE:** The Applicant is familiar with all licensure requirements of the Tennessee regulatory agencies and relevant Medicare requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

**RESPONSE:** The Applicant will seek licensure by the Tennessee Department of Health as a nursing home, and will seek certification for Medicare participation, upon approval of the proposed project.

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

**RESPONSE:** The Applicant is currently in good standing with all licensing, certifying and accrediting agencies. Please see Attachment C: Contribution to the Orderly Development of Health Care – 7(c).

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

**RESPONSE:** The Applicant has not been cited for any deficiencies at its existing Assisted Care Living Facility.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

**RESPONSE:** Not applicable.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

**RESPONSE:** Not applicable.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

**RESPONSE:** If the proposal is approved, the Applicant will be happy to provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.



## **PROOF OF PUBLICATION**

**Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.**

## DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.

Form HF0004  
Revised 02/01/06  
Previous Forms are obsolete

## PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): September 23, 2015. Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. Architectural and engineering contract signed	30	Oct. 2015
2. Construction documents approved by the Tennessee Department of Health	90	Jan. 2016
3. Construction contract signed	7	Feb. 2016
4. Building permit secured	30	Mar. 2016
5. Site preparation completed	30	Apr. 2016
6. Building construction commenced	30	May 2016
7. Construction 40% complete	90	Aug. 2016
8. Construction 80% complete	90	Nov. 2016
9. Construction 100% complete (approved for occupancy)	120	Mar. 2017
10. *Issuance of license	30	Apr. 2017
11. *Initiation of service	30	May 2017
12. Final Architectural Certification of Payment	15	May 2017
13. Final Project Report Form (HF0055)	30	June 2017

**\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

**Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.**

## **EXHIBITS**

*Please see attached.*

JUN 15 15:04:11

**Attachment A.3**  
**Corporate Charter and Certificate of Existence**



**STATE OF TENNESSEE**  
**Tre Hargett, Secretary of State**  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

**BRADLEY ARANT BOULT CUMMINGS, LLP**  
ANDREA HARDY  
700  
1600 DIVISION STREET, ROUNDABOUT PLAZA  
NASHVILLE, TN 37203

June 10, 2015

**Request Type: Certificate of Existence/Authorization**  
Request #: 0165474

Issuance Date: 06/10/2015  
Copies Requested: 1

**Document Receipt**

Receipt #: 002093343

Filing Fee: \$22.25

Payment-Credit Card - State Payment Center - CC #: 163031204

\$22.25

**Regarding: STONES RIVER MANOR, INC.**

Filing Type: Nonprofit Corporation - Domestic

Control #: 84462

Formation/Qualification Date: 09/04/1974

Date Formed: 09/04/1974

Status: Active

Formation Locale: TENNESSEE

Duration Term: Perpetual

Inactive Date:

Business County: RUTHERFORD COUNTY

**CERTIFICATE OF EXISTENCE**

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

**STONES RIVER MANOR, INC.**

\* is a Corporation duly incorporated under the law of this State with a date of incorporation and duration as given above;

\* has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;

\* has filed the most recent annual report required with this office;

\* has appointed a registered agent and registered office in this State;

\* has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

Tre Hargett  
Secretary of State

Processed By: Cert Web User

Verification #: 012331520

CHARTER  
of  
STONES RIVER MANOR, INC.

The undersigned natural persons, having capacity to contract and acting as the incorporators of a corporation of the Tennessee General Corporation Act, adopt the following charter for such corporation:

1. The name of the corporation is STONES RIVER MANOR, INC.
2. The duration of the corporation is perpetual.
3. The address of the principal office of the corporation in the State of Tennessee shall be 415 South Front Street, Murfreesboro, Tennessee, county of Rutherford.
4. The corporation is not for profit.
5. The purposes for which the corporation is organized are: To plan, build, and operate a home for the aged in accordance with the provisions of the Department of Welfare of the State of Tennessee.
6. This corporation is to have no members.
7. In the event of a dissolution of said corporation, all assets shall pass to the Middle Tennessee Christian School, of Murfreesboro, Tennessee, and in the event said school shall have ceased to exist, said assets shall pass to David Lipscomb College, Nashville, Tennessee.

SEPTEMBER 4, 1974

VOLUME 0-30, PAGE 679

120

Dated, August 16, 1974.

*Andy Adams*  
ANDY ADAMS

*E. C. Tolbert, M.D.*  
E. C. TOLBERT

*C. B. Arnette*  
C. B. ARNETTE

*Dalton Stroop*  
DALTON STROOP

*Tom Morgan*  
TOM MORGAN

*Richard H. Palmer, III*  
RICHARD H. PALMER, III

*Riley Clark*  
RILEY CLARK

*Lloyd Smith*  
LEOYD SMITH



# State of Tennessee



## Department of State

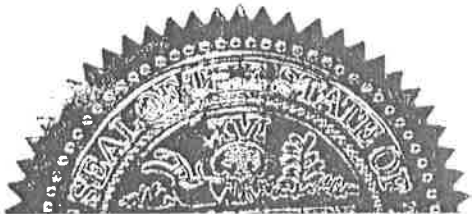
### Certificate

The undersigned, as Secretary of State of the State of Tennessee, hereby certifies that the attached document was received for filing on behalf of

STONES RIVER MANOR, INC.

was duly executed in accordance with the Tennessee General Corporation Act, was found to conform to law and was filed by the undersigned, as Secretary of State, on the date noted on the document.

Therefore, the undersigned, as Secretary of State, and by virtue of the authority vested in him by law, hereby issues this certificate and attaches hereto the document which was duly filed on November 18th, 1935.



Hentry Crowell

Secretary of State

by Mona Hatcher

ARTICLES OF AMENDMENT TO THE CHARTER

OF

Stones River Manor, Inc.

Pursuant to the provisions of Section 48-303 of the Tennessee General Corporation Act, the undersigned corporation adopts the following articles of amendment to its charter:

1. The name of the corporation is:

Stones River Manor, Inc.

2. The amendment adopted is (Insert Amendment):

The address of the principal office of the corporation  
in the State of Tennessee shall be 205 Haynes  
Drive, Murfreesboro, Tennessee, 37130, county of  
Rutherford.

3. The amendment was duly adopted (at a meeting) (by the  
unanimous ~~written~~ consent) of the (~~XXXXXX~~) (members) on  
February 21, 1985. (Strike inapplicable words)

4. If a corporation for profit, the manner, if not set forth  
in such amendment, in which any exchange, reclassification or  
cancellation of issued shares provided for in the amendment shall  
be effected is as follows:

5. If the amendment is not to be effective when these  
articles are filed by the Secretary of State, the date it will  
be effective is \_\_\_\_\_, 19\_\_\_\_ (not later than thirty (30)  
days after such filing).

Dated: September 30, 1985

Stones River Manor, Inc.

Name of Corporation

BY: 

Dalton Stroop, Pres., Board of Directors  
Signature



Department of the Treasury  
Internal Revenue Service

P.O. Box 2508  
Cincinnati OH 45201

In reply refer to: 0248226132  
July 15, 2008 LTR 4168C E0  
23-7445264 000000 00 000  
00017775  
BODC: TE

STONES RIVER MANOR INC  
205 HAYNES DR  
MURFREESBORO TN 37129-5101056



21081

Employer Identification Number: 23-7445264  
Person to Contact: John Kennedy  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of July 03, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in March 1975, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

*Michele M. Sullivan*

Michele M. Sullivan, Oper. Mgr.  
Accounts Management Operations I

Tre Hargett, Secretary of State

**State of Tennessee**



Division of Charitable Solicitations and Gaming  
312 Rosa L. Parks Avenue, 8<sup>th</sup> Floor  
Nashville, Tennessee 37243-0305

Brent Culberson  
Director

615-741-2555  
Brent.Culberson@tn.gov

June 5, 2014

Kirkland Mason, Administrator  
Stones River Manor, Inc.  
205 Haynes Drive  
Murfreesboro, TN 37129

RE: **APPROVAL** - Registration to Solicit Funds for Charitable Purposes  
Stones River Manor, Inc. - CO12720  
Registration Expiration Date: **June 30, 2015**

Dear Kirkland Mason:

Pursuant to Tenn. Code Ann. § 48-101-501, *et seq.*, the Division of Charitable Solicitations and Gaming has reviewed your submitted application and is pleased to announce your organization's registration to solicit contributions has been approved.

With this approval, your organization has new responsibilities for maintaining statutory compliance, including submission of the proper documents and required fees on an annual basis. The required filings include:

- Completed *Application to Renew Registration* form
- Completed *Summary of Financial Activities* form
- IRS determination letter granting tax-exempt status, if not previously filed
- IRS Form 990, Form 990EZ, or 990N for the most recently completed accounting year, if the organization qualifies as tax-exempt
- An audited financial statement if the organization grossed more than \$500,000 in revenue
- Any amendments to the organization's governing documents

The *Application to Renew Registration* and *Summary of Financial Activities* forms are available on our website at [www.tn.gov/sos/charity](http://www.tn.gov/sos/charity). Additionally, the "CO" number listed above will serve as your organization's identification number specific to this division and should be included on all correspondence.

Please also be advised that if the organization's application or other provided information includes false, misleading or deceptive statements, appropriate action will be taken. Pursuant to the Tennessee Charitable Solicitations Act, a civil penalty of up to five thousand dollars (\$5,000) may be assessed for any violation.

Thank you for registering your organization and please do not hesitate to contact us with any questions.

Sincerely,

A handwritten signature in black ink that reads "Brent Culberson".

Brent Culberson, Director  
Division of Charitable Solicitations and Gaming

RS: CO12720

**Attachment A.6**  
**Deed to Land**

STATE OF TENNESSEE

COUNTY OF RUTHERFORD

Send tax bills to:  
Stones River Manor, Inc.  
c/o Richard H. Palmer, III  
Lebanon Pike  
Murfreesboro, TN 37130

THIS INSTRUMENT WAS PREPARED  
BY TODD & MURFREE, ATTORNEYS  
MURFREESBORO, TENNESSEE

QUITCLAIM DEED

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FOR AND IN THE CONSIDERATION of ONE AND NO/100 (\$1.00) DOLLAR, and other good and valuable considerations, the receipt whereof is hereby acknowledged, I, the undersigned, JAMES M. HAYNES, do hereby quitclaim, transfer and convey unto STONES RIVER MANOR, INC., its successors and assigns, forever, all of my right, title, claim and interest in and to the following described real estate situated in the 13th Civil District of Rutherford County, Tennessee, to-wit:

BEGINNING at a steel pin at the present intersection of the west right-of-way line of U. S. Highway 231 North or Lebanon Highway and the south line of Haynes Drive; thence S 5° 02' E, 149.6 feet along the west line of U. S. Highway 231 North to a steel pin; thence S 4° 00' E, 150.2 feet along said west line to a steel pin; thence S 1° 54' E, 133.6 feet along said west line to a steel pin; thence N 84° W, 1070.0 feet to a steel pin; thence N 5° W, 434.9 feet to a steel pin in a fence, the south line of Haynes Drive; thence S 85° 08' E, 503.8 feet along said south line to a steel pin; thence S 80° 12' E, 274.2 feet along said south line to a steel pin; thence S 85° 32' E, 303.3 feet along said south line to the point of beginning, being an area of 10.5 acres.

BEING a portion of the same property conveyed to James M. Haynes by deeds of record in Deed Book 58, page 343, and Deed Book 78, page 322, in the Register's Office of Rutherford County, Tennessee. Also see Will Book 2, page 170, of the County Court Clerk's Office of said county.

TO HAVE AND TO HOLD all of my said interest in and to the said real estate, together with all of the appurtenances, estate and title thereunto belonging unto the said STONES RIVER MANOR, INC., its successors and assigns, forever.

WITNESS MY HAND on this the 31st day of December, 1974.

*James M. Haynes*  
JAMES M. HAYNES

STATE OF TENNESSEE  
COUNTY OF RUTHERFORD

Personally appeared before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, the within named, JAMES M. HAYNES, with whom I am personally acquainted, and who acknowledged that he executed the within instrument (QUITCLAIM DEED) for the purposes therein contained.

WITNESS MY HAND and official seal at my office on this the 31st day of December, 1974.

*Mary Jo Greene*  
Notary Public

My commission expires:

8-16-78

REALTY TRANSFER TAX

AMOUNT \$ *1.00*

RECEIPT NO. *1*

TAXES PAID *4-7-1975*

ED CLARK

COUNTY COURT CLERK

BY *Ed Clark*

I hereby swear or affirm that the actual consideration for this transfer or value of the property transferred, whichever is greater, is \$0, which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

Matt B. Murphy  
Affiant

Subscribed and sworn to before me, this the 7th day of April, 1975.

Martha E. Wright, Deputy  
Notary Public or Register Register

(Seal)

My commission expires:

August 31, 1978

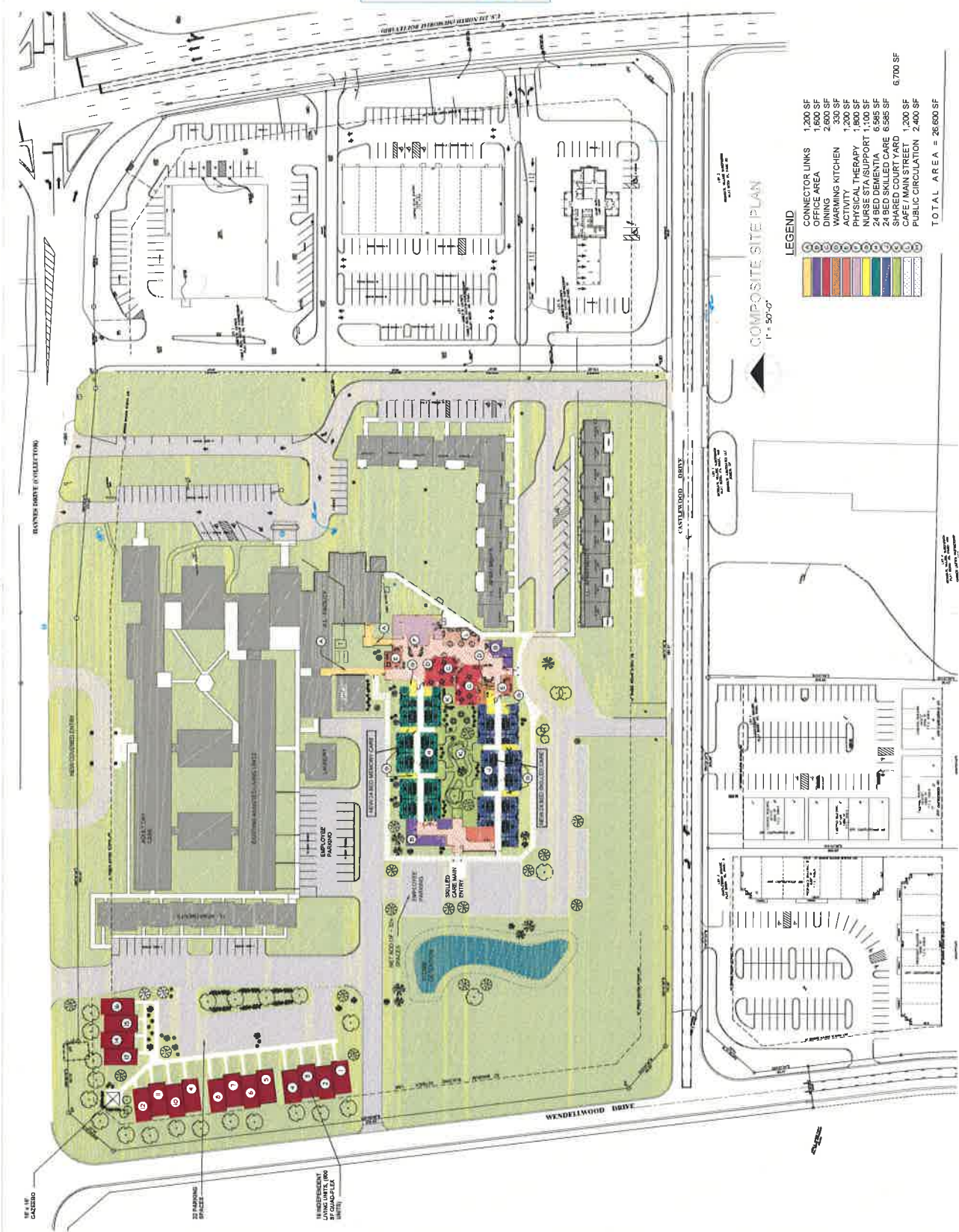
RECORDING FEE 4.00  
STATE TAX —  
REGISTER'S FEE —  
TOTAL PAID 4.00  
RECEIPT NO. 18609

STATE OF TENNESSEE  
RUTHERFORD COUNTY  
OFFICE OF THE REGISTER April 7, 1975  
I, HOMER JONES, REGISTER DO CERTIFY THAT THE  
FOREGOING INSTRUMENT AND CERTIFICATE ARE REGIS-  
TERED IN MY SAID OFFICE IN BOOK NO. 236  
PAGE NO. 133 AND THAT THEY WERE  
RECEIVED April 7, 1975 AT 3:23  
O'CLOCK P.M. AND ENTERED IN FULL BOOK 30  
PAGE 238  
BY Martha E. Wright HOMER JONES, Register  
SP. REG.

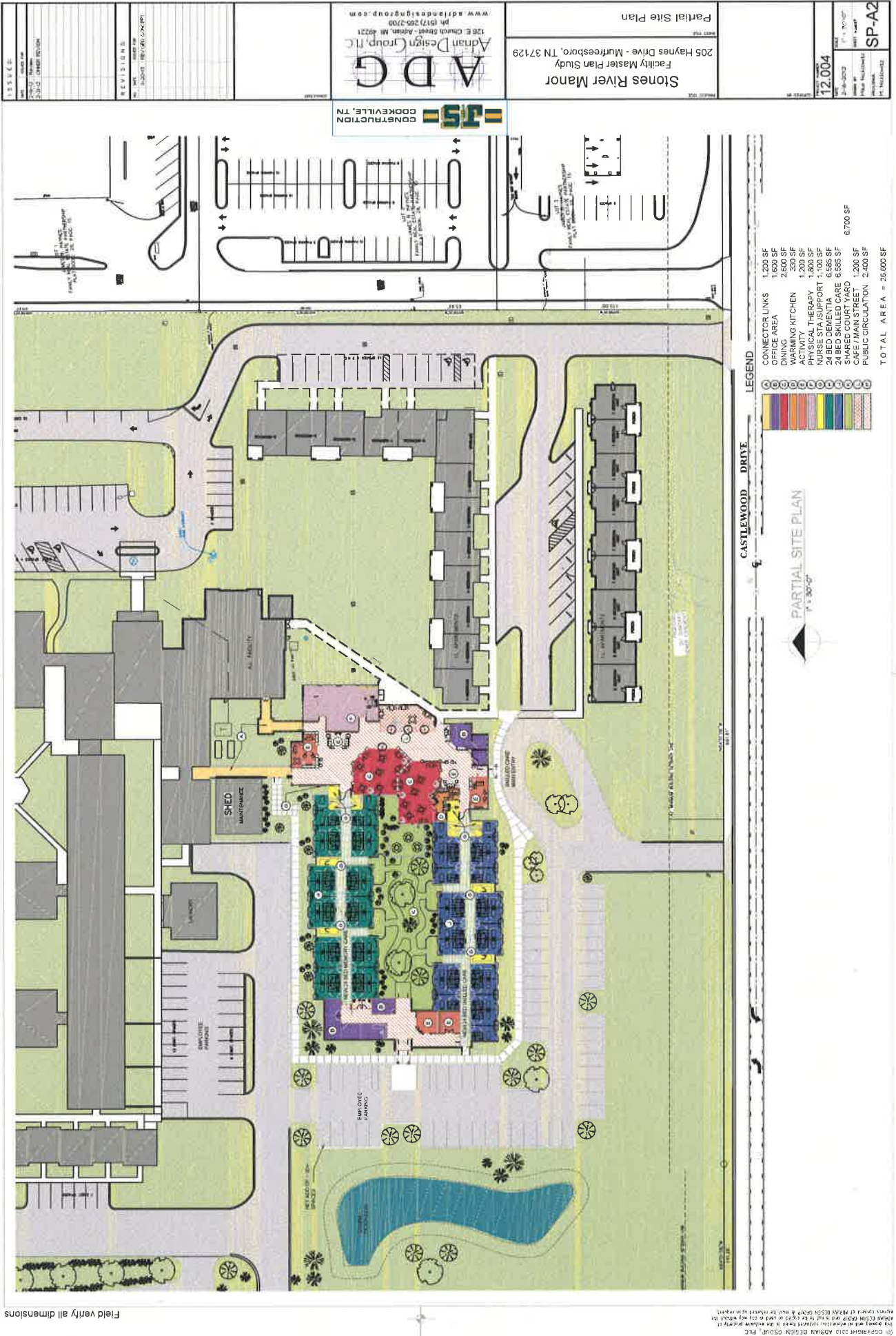
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**Attachment B.III.A.**  
**Plot Plan**





Field verify all dimensions



**Attachment B.IV.**  
**Floor Plans**





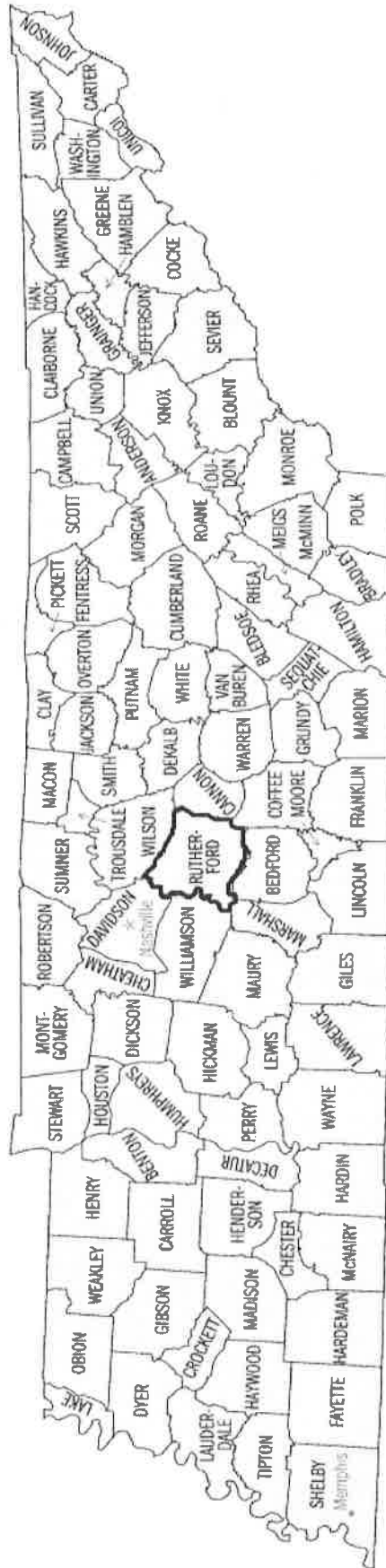
**Section C: General Criteria for Certificate of Need – Need.1.A**  
**Bed Need Calculation**

## TCA § 68-11-108 Need Calculation

<b>Rutherford County</b> Age-Formula/Year	2015 Pop.	2015 Need	2016 Pop.	2016 Need	2017 Pop.	2017 Need	2018 Pop.	2018 Need	2019 Pop.	2019 Need	2020 Pop.	2020 Need
0-64 (x .0005)	273,587	136.8	280,888	140.4	288,484	144.2	296,224	148.1	304,030	152	311,912	156
65-74 (x .0120)	17,888	214.7	19,038	228.5	19,962	239.5	20,827	249.9	21,837	262	22,982	275.8
75-84 (x .0600)	7,939	476.3	8,225	493.5	8,669	520.1	9,230	553.8	9,770	586.2	10,252	615.1
85+ (x .1500)	2,823	423.5	2,938	440.7	3,057	458.6	3,165	474.8	3,267	490.1	3,404	510.6
<b>TOTAL NEED</b>		<b>1,251.3</b>		<b>1,303.1</b>		<b>1,362.4</b>		<b>1,426.6</b>		<b>1,490.3</b>		<b>1,557.5</b>
<b>Existing Rutherford County Facilities</b>												
Adams Place		90		90		90		90		90		90
Boulevard Terrace Rehabilitation and Nursing Center		100		100		100		100		100		100
Community Care of Rutherford County		131		131		131		131		131		131
Mayfield Rehabilitation and Special Care Center		125		125		125		125		125		125
NHC Healthcare, Murfreesboro		181		181		181		181		181		181
Northside Health Care Nursing and Rehabilitation Center		68		68		68		68		68		68
Peachtree Center Nursing and Rehabilitation		98		98		98		98		98		98
Tennessee Veterans Home		140		140		140		140		140		140
Total Existing Beds		933		933		933		933		933		933
<b>BED NEED</b>		<b>318.3</b>		<b>370.1</b>		<b>429.4</b>		<b>493.6</b>		<b>557.3</b>		<b>624.5</b>
<b>Net Bed Need Change</b>				51.8		59.3		64.2		63.7		67.2

## **Section C: General Criteria for Certificate of Need – Need.3**

### **Service Area Map**





**Section C: Economic Feasibility - 1**  
**Letter Supporting Estimated Construction Costs**



10 June 2015

Stones River Manor  
205 Haynes Drive  
Murfreesboro, TN 37129  
ATTN: Kirkland A. Mason, CEO

Mr. Mason,

Based on preliminary schematics and subsequent discussions, J&S Construction projects the 30 bed Skilled Care facility costs at approximately \$2,300,000.00 for the proposed building and site work.

Respectfully,

A handwritten signature in dark ink, appearing to read "Phil Adams", is written over a light blue horizontal line.

Phil Adams  
Registered architect  
J&S Construction, Vice President

**Section C: Economic Feasibility - 2**  
**Documentation from Lender**



**Williamson** 615.236.BANK (2265) | 722 Columbia Avenue | Franklin, TN 37064  
**Rutherford** 615.278.7100 | 1 East College Street | Murfreesboro, TN 37130  
[www.FranklinSynergyBank.com](http://www.FranklinSynergyBank.com)

June 8, 2015

Mr. Kirk Mason  
Chief Executive Officer  
Stones River Manor, Inc.  
205 Haynes Drive  
Murfreesboro, TN 37129

Re: Loan commitment Stones River Manor, Inc.

Dear Kirk,

This letter will confirm the proposed loan and cash reserves that Stones River Manor has with our bank to fund the addition of a thirty-bed skilled nursing and rehab facility to their campus.

**LOAN:**

The proposed loan amount would be \$2,300,000.00 at the rate of 4.00% for a period of five years. The only restrictions would be that funds are to be used to construct the skilled nursing and rehab facility.

**CASH RESERVES:**

Stones River Manor has cash reserves in the amount of \$1,090,000.00 on deposit at Franklin Synergy Bank in a money market account to fund the project.

Please let me know if you need additional information. Thanks very much.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dallas G. Caudle, Jr.", is written over the typed name and title.

Dallas G. Caudle, Jr.  
Rutherford County Community President

DGCjr:shg

## **Section C: Economic Feasibility - 4**

### **Historical and Projected Data Chart**

# **HISTORICAL DATA CHART**

N/A - Proposed New Facility

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in N/A (Month).

	Year_____	Year_____	Year_____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$_____	\$_____	\$_____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify)_____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$_____	\$_____	\$_____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
<b>Total Deductions</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
<b>NET OPERATING REVENUE</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
D. Operating Expenses			
1. Salaries and Wages	\$_____	\$_____	\$_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses (Specify)_____	_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
E. Other Revenue (Expenses) – Net (Specify)	\$_____	\$_____	\$_____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
F. Capital Expenditures			
1. Retirement of Principal	\$_____	\$_____	\$_____
2. Interest	_____	_____	_____
<b>Total Capital Expenditures</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$_____</b>	<b>\$_____</b>	<b>\$_____</b>

### PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
A. Utilization Data (Specify unit of measure) Avg. residents	<u>27</u>	<u>28</u>
B. Revenue from Services to Patients per day		
1. Inpatient Services	<u>\$ 3,754,905</u>	<u>\$ 4,026,133</u>
2. Outpatient Services	<u>                    </u>	<u>                    </u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) <u>                                    </u>	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<b><u>\$ 3,754,905</u></b>	<b><u>\$ 4,026,133</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$</u> <u>                    </u>	<u>\$</u> <u>                    </u>
2. Provision for Charity Care	<u>\$ 180,000</u>	<u>\$ 180,000</u>
3. Provisions for Bad Debt	<u>\$ 25,000</u>	<u>\$ 25,000</u>
<b>Total Deductions</b>	<b><u>\$ 205,000</u></b>	<b><u>\$ 205,000</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$ 3,549,905</u></b>	<b><u>\$ 3,821,133</u></b>
D. Operating Expenses		
1. Salaries and Wages	<u>\$ 1,358,131</u>	<u>\$ 1,385,294</u>
2. Physician's Salaries and Wages	<u>\$ 12,000</u>	<u>\$ 12,000</u>
3. Supplies	<u>\$ 48,330</u>	<u>\$ 49,296</u>
4. Taxes	<u>\$ 323,261</u>	<u>\$ 329,726</u>
5. Depreciation	<u>\$ 149,000</u>	<u>\$ 149,000</u>
6. Rent	<u>\$ 4,584</u>	<u>\$ 4,584</u>
7. Interest, other than Capital	<u>                    </u>	<u>                    </u>
8. Management Fees:		
a. Fees to Affiliates	<u>\$ 2,814</u>	<u>\$ 2,814</u>
b. Fees to Non-Affiliates	<u>                    </u>	<u>                    </u>
9. Other Expenses (Specify) <u>                                    </u>	<u>\$ 639,829</u>	<u>\$ 760,820</u>
<b>Total Operating Expenses</b>	<b><u>\$ 2,537,949</u></b>	<b><u>\$ 2,693,534</u></b>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$</u> <u>                    </u>	<u>\$</u> <u>                    </u>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ 1,011,956</u></b>	<b><u>\$ 1,127,599</u></b>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$ 133,503</u>	<u>\$ 133,503</u>
2. Interest	<u>\$ 133,503</u>	<u>\$ 133,503</u>
<b>Total Capital Expenditures</b>	<b><u>\$ 267,006</u></b>	<b><u>\$ 267,006</u></b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b><u>\$ 744,950</u></b>	<b><u>\$ 860,593</u></b>

**Section C: Economic Feasibility – 10**  
**Applicant's Balance Sheet and Income Statement**



2015150412

**STONES RIVER MANOR, INC**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2014**

**Matlock Clements**

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**Certified Public Accountants**

**Stones River Manor, Inc.**  
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**December 31, 2014**

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# Matlock Clements

Certified Public Accountants

[www.matlockclements.com](http://www.matlockclements.com)

270 Glenis Dr., Suite A  
Murfreesboro, TN 37129  
Phone: 615-907-1881  
Fax: 615-907-0357

## INDEPENDENT AUDITOR'S REPORT

To the Board of  
Stones River Manor, Inc.

We have audited the accompanying financial statements of Stones River Manor, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stones River Manor, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Administrative and General Expenses – Schedule I on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Matlock Clements, P.C.  
Murfreesboro, Tennessee  
April 20, 2015

**Stones River Manor, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2014**

	Fund				Total
	Operating	Haynes Endowment	Benevolent	Capital Campaign	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash (Note A)	\$ 6,911	\$ 15,018	\$ 4,926	\$ 1,043,164	\$ 1,070,019
Accounts Receivable - Residents	28,603	-	-	-	28,603
Prepaid Expenses	15,537	-	-	-	15,537
Total Current Assets	51,051	15,018	4,926	1,043,164	1,114,159
<b>INVESTMENTS (Note A &amp; B)</b>	-	1,018,710	-	-	1,018,710
<b>PROPERTY AND EQUIPMENT</b>					
Net of Accumulated Depreciation (Note A & D)	4,665,852	-	-	-	4,665,852
<b>FINANCING COST</b>					
Net of Accumulated Amortization of \$1,292 (Note A)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 4,716,903</u>	<u>\$ 1,033,728</u>	<u>\$ 4,926</u>	<u>\$ 1,043,164</u>	<u>\$ 6,798,721</u>

See accompanying notes.

**Stones River Manor, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2014**

	Fund				
	Operating	Haynes Endowment	Benevolent	Capital Campaign	Total
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Current Portion of Long-term Debt (Note E)	\$ 189,746	\$ -	\$ -	\$ -	\$ 189,746
Current Portion of Lease Payable (Note K)	6,171	-	-	-	6,171
Accrued Payroll and Payroll Withholdings	178,340	-	-	-	178,340
Accrued Property Taxes	21,906	-	-	-	21,906
Accrued Interest	4,520	-	-	-	4,520
Total Current Liabilities	400,683	-	-	-	400,683
<b>LONG-TERM OBLIGATIONS</b>					
Line of Credit	25,000	-	-	-	25,000
Lease Payable-Net of Current Portion (Note K)	774	-	-	-	774
Notes Payable-Net of Current Portion (Note E)	2,586,743	-	-	-	2,586,743
Total Long Term Obligations	2,612,517	-	-	-	2,612,517
<b>TOTAL LIABILITIES</b>	3,013,200	-	-	-	3,013,200
<b>NET ASSETS</b>					
Unrestricted (Note A)	1,682,602	1,033,728	4,926	-	2,721,256
Temporarily Restricted (Note F)	21,101	-	-	1,043,164	1,064,265
<b>TOTAL NET ASSETS</b>	1,703,703	1,033,728	4,926	1,043,164	3,785,521
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 4,716,903	\$ 1,033,728	\$ 4,926	\$ 1,043,164	\$ 6,798,721

See accompanying notes.

**Stones River Manor, Inc.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2014**

	Fund				Total
	Operating	Haynes Endowment	Benevolent	Capital Campaign	
<b>Increases in Unrestricted Net Assets - Revenue and Support</b>					
Resident Income	\$ 3,014,635	\$ -	\$ -	\$ -	\$ 3,014,635
Apartment Rent	810,795	-	-	-	810,795
Furniture Rent	1,262	-	-	-	1,262
Beauty Shop	31,625	-	-	-	31,625
Contributions	720	650	130,152	-	131,522
Interest and Investment Income	1,623	40,857	-	-	42,480
Other Income	54,024	-	-	-	54,024
Activities Income	1,101	-	-	-	1,101
Processing Fees	15,650	-	-	-	15,650
Meals and Food	9,037	-	-	-	9,037
Day Care Income	22,488	-	-	-	22,488
Realized Gain/(Loss) on Securities	-	17,252	-	-	17,252
<b>Total Unrestricted Revenue and Support</b>	<b>3,962,960</b>	<b>58,759</b>	<b>130,152</b>	<b>-</b>	<b>4,151,871</b>
<b>Decreases in Unrestricted Net Assets - Expenses</b>					
Resident Care Services	1,396,980	-	-	-	1,396,980
Dietary Services	549,973	-	-	-	549,973
Activity Services	160,212	-	-	-	160,212
Beauty Shop	36,865	-	-	-	36,865
Housekeeping Services	21,198	-	-	-	21,198
Administrative and General Expenses	1,834,380	-	-	-	1,834,380
Interest	145,512	-	-	-	145,512
Unrealized (Gain)/Loss on Securities	-	9,267	-	-	9,267
<b>Total Expenses</b>	<b>4,145,120</b>	<b>9,267</b>	<b>-</b>	<b>-</b>	<b>4,154,387</b>
<b>Increase (Decrease) in Unrestricted Net Assets before Operating Transfers</b>	<b>(182,160)</b>	<b>49,492</b>	<b>130,152</b>	<b>-</b>	<b>(2,516)</b>
<b>Transfers to Operating from Benevolent Fund</b>	<b>155,326</b>	<b>-</b>	<b>(155,326)</b>	<b>-</b>	<b>-</b>
<b>Transfers to Operating from Endowment</b>	<b>8,880</b>	<b>(8,880)</b>	<b>-</b>	<b>-</b>	<b>-</b>

See accompanying notes.

**Stones River Manor, Inc.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2014**

	Fund				
	Operating	Haynes Endowment	Benevolent	Capital Campaign	Total
Transfers to Benevolent from Endowment	-	(30,000)	30,000	-	-
Increase (Decrease) in Unrestricted Net Assets	(17,954)	10,612	4,826	-	(2,516)
Other Changes in Unrestricted Net Assets					
Net assets released from temporary restriction	75	-	-	-	75
Net assets temporarily restricted (Note F)	(720)	-	-	-	(720)
Total Increase/(Decrease) in Unrestricted Net Assets	(18,599)	10,612	4,826	-	(3,161)
Changes in Temporarily Restricted Net Assets					
Donations	720	-	-	1,149,435	1,150,155
Net assets released from temporary restriction	(75)	-	-	(106,271)	(106,346)
Increase (Decrease) in Temporarily Restricted Net Assets	645	-	-	1,043,164	1,043,809
Increase (Decrease) in Net Assets	(17,954)	10,612	4,826	1,043,164	1,040,648
Net Assets, beginning of year	1,721,657	1,023,116	100	-	2,744,873
Net Assets, end of year	\$ 1,703,703	\$ 1,033,728	\$ 4,926	\$ 1,043,164	\$ 3,785,521

See accompanying notes.

**Stones River Manor, Inc.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2014**

	Fund				Total
	Operating	Haynes Endowment	Benevolent	Capital Campaign	
Cash Flows Provided by Operating Activities:					
Cash Received from:					
Resident Income	\$ 3,014,878	\$ -	\$ -	\$ -	\$ 3,014,878
Apartment Income	810,795	-	-	-	810,795
Furniture Income	1,262	-	-	-	1,262
Beauty Shop	31,625	-	-	-	31,625
Contributions	720	650	130,152	1,149,435	131,522
Interest and Investment Income	1,623	40,857	-	-	42,480
Other	54,024	-	-	-	54,024
Activities	1,101	-	-	-	1,101
Processing Fees	15,650	-	-	-	15,650
Meals and Food	9,037	-	-	-	9,037
Day Care Income	22,488	-	-	-	22,488
Transfers between Funds	164,206	-	30,000	-	194,206
	<u>\$ 4,127,409</u>	<u>\$ 41,507</u>	<u>\$ 160,152</u>	<u>\$ 1,149,435</u>	<u>\$ 4,329,068</u>
Cash Disbursed to:					
Resident Care Services	1,396,980	-	-	-	1,396,980
Dietary Services	549,973	-	-	-	549,973
Activity Services	160,212	-	-	-	160,212
Beauty Shop	36,865	-	-	-	36,865
Housekeeping Services	21,198	-	-	-	21,198
Administrative and General Expenses	1,632,056	-	-	106,271	1,632,056
Interest Expense	147,552	-	-	-	147,552
Transfers between Funds	-	38,880	155,326	-	194,206
	<u>3,944,836</u>	<u>38,880</u>	<u>155,326</u>	<u>106,271</u>	<u>4,139,042</u>
Net Cash provided by Operating Activities	<u>182,573</u>	<u>2,627</u>	<u>4,826</u>	<u>1,043,164</u>	<u>190,026</u>

See accompanying notes.



**Stones River Manor, Inc.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2014**

	Fund				
	Operating	Haynes Endowment	Benevolent	Capital Campaign	Total
Cash Flows used by Investing Activities:					
Purchase of Fixed Assets	(55,150)	-	-	-	(55,150)
Purchase of Investments	-	(190,038)	-	-	(190,038)
Net Proceeds from Sale of Investments	-	184,868	-	-	184,868
Net Cash used by Investing Activities	(55,150)	(5,170)	-	-	(60,320)
Cash Flows used by Financing Activities:					
Repayment of principal on Notes Payable	(177,450)	-	-	-	(177,450)
Proceeds from Line of Credit	25,000	-	-	-	25,000
Net Cash used by Financing Activities	(152,450)	-	-	-	(177,450)
Net Increase (Decrease) in Cash	(25,027)	(2,543)	4,826	1,043,164	(22,744)
Cash at the beginning of the year	31,938	17,561	100	-	49,599
Cash at the end of the year	\$ 6,911	\$ 15,018	\$ 4,926	\$ 1,043,164	\$ 26,855

See accompanying notes.

**Stones River Manor, Inc.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2014**

	Fund				Total
	Operating	Haynes Endowment	Benevolent	Capital Campaign	
Reconciliation of increase in Net Assets, to Net Cash provided by Operating Activities:					
Increase (Decrease) in Net Assets	\$ (17,954)	\$ 10,612	\$ 4,826	\$ 1,043,164	\$ (2,516)
Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities:					
Depreciation	249,327	-	-	-	249,327
Amortization	394	-	-	-	394
Unrealized (Gain)/Loss on Investments	-	9,267	-	-	9,267
Realized (Gain)/Loss on Investments	-	(17,252)	-	-	(17,252)
Decrease in Accounts Receivable - Residents	243	-	-	-	243
Increase in Prepaid Expenses	(4,082)	-	-	-	(4,082)
Increase in Accounts Payable	(34,497)	-	-	-	(34,497)
Increase in Accrued Payroll and Payroll Liabilities	(3,367)	-	-	-	(3,367)
Increase in Accrued Property Taxes	135	-	-	-	135
Decrease in Capital Lease Payable	(5,586)	-	-	-	(5,586)
Increase in Accrued Interest	(2,040)	-	-	-	(2,040)
Net Cash Provided by Operating Activities	\$ 182,573	\$ 2,627	\$ 4,826	\$ 1,043,164	\$ 190,026
Interest Paid	\$ 147,552				

See accompanying notes.

**Stones River Manor, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Stones River Manor, Inc. (the Organization) was incorporated on August 16, 1974 as a not-for-profit corporation established to plan, build, and operate a home for the aged. The home was completed in 1976 and serves residents who need assistance in activities of daily living. The Organization provides various levels of assistance including independent living apartments, assisted living, and supported care for residents unable to perform certain daily tasks.

Basis of Accounting

The financial statements of Stones River Manor, Inc. were prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization has adopted the provisions of FASB ASC 958-605-25 (formerly SFAS No. 116, Accounting for Contributions Received and Contributions Made) and FASB ASC 958 (formerly SFAS No. 117, Financial Statements of Not-For-Profit Organizations).

Under the provisions of FASB ASC 958-605-25 (formerly SFAS No. 116), contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net assets class.

Under the provisions of FASB ASC 958 (formerly SFAS No. 117), net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Stones River Manor, Inc. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturity dates of less than three months and available for current use to be cash equivalents.

Investments

The Organization has adopted FASB ASC 958-320-35 (formerly SFAS No. 124, Accounting for Certain Investments Held for Non-for-Profit Organizations). Under FASB ASC 958-320-35 (formerly SFAS No. 124) investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Stones River Manor, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

It is the Organization's policy to capitalize property and equipment of \$1,000 or more. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation of physical properties is calculated on the straight-line method over the following estimated useful lives:

Buildings	31.5 – 40 years
Equipment	5 year
Furniture & Fixtures	5 – 7 years
Building Improvements	15 years

Income Tax Status

Stones River Manor, Inc. qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Contributed Services

During the year ended December 31, 2014, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the resident's facility, but these services do not meet the criteria for recognition as contributed services.

Financing Cost

Financing cost consist of fees incurred in combining the line of credit outstanding balance into the mortgage loan and is being amortized over the life of the loan.

NOTE B – HAYNES ENDOWMENT FUND

Background

The Haynes Endowment Fund consists solely of funds designated by the board of Directors of the Organization to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Haynes Endowment Fund was created by a gift of the late Tillman Haynes and his wife, but they did not place any restrictions on the use of the funds. The executive board has ultimate control over the use of the endowment fund and they can use principal or investment income to aid benevolent patients or to offset current operating expenses. Due to the absence of any donor restrictions on these funds, the funds and the related activity are all considered unrestricted net assets.

**Stones River Manor, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

NOTE B – HAYNES ENDOWMENT FUND (continued)

Return Objectives and Risk Parameters

The Organization's board of Directors adopted a formal investment plan on February 23, 2009 to identify the Organization's policies for appropriating endowment assets for expenditure and for investment strategies.

The investment and spending policies for endowment assets that was adopted attempts to provide a predictable stream of funding for services for residents requiring benevolent assistance while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of Directors, the endowment assets are invested in a manner that is intended to offer potential for both capital appreciation and current income while maintaining a moderate level of investment risk. The Organization expects its endowment fund to provide an average long term rate of return of approximately 9% over a five to ten year period. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places 50% to 80% in equity based and alternative investments and 20% to 50% in fixed income investments to achieve its long term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year 6% of its endowment fund to cover fees for services for residents requiring benevolent assistance. In establishing this policy, the Organization considered the long term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at a rate that is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment Net Assets

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$1,023,116	\$ -	\$ -	\$1,023,116
Investment return:				
Investment income	40,857	-	-	40,857
Net depreciation (realized and unrealized)	<u>7,985</u>	<u>-</u>	<u>-</u>	<u>7,985</u>
Total investment return	1,071,958	-	-	1,071,958
Contributions	650	-	-	650
Appropriation of endowment assets for expenditure	<u>(38,880)</u>	<u>-</u>	<u>-</u>	<u>(38,880)</u>
Endowment net assets, end of year	<u>\$1,033,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,033,728</u>

**Stones River Manor, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE B – HAYNES ENDOWMENT FUND (continued)**

The assets of the endowment fund consist of a money market account and investment securities. A summary of investment securities at December 31, 2014 follows:

	<u>Estimated Fair Value</u>	<u>Cost</u>	<u>Carrying Value</u>
Equities	\$116,898	107,579	\$116,898
Mutual Funds	<u>901,812</u>	<u>775,755</u>	<u>901,812</u>
	<u>\$ 1,018,710</u>	<u>\$ 883,334</u>	<u>\$ 1,018,710</u>

**NOTE C – FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents, accounts receivable, and notes payable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Investments: The fair values of investments are based on quoted market prices for those instruments.

The estimated fair values of the Organization's financial instruments are as follows:

	<u>12/31/2014</u>		<u>12/31/2013</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:				
Cash and cash equivalents	\$ 15,018	\$ 15,018	\$17,561	\$17,561
Investments	1,018,710	1,018,710	1,005,555	1,005,555
Financial Liabilities:				
Notes payable	2,776,489	2,776,489	2,953,939	2,953,939

Fair Value Measurements

The following table presents the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

Fair Value Measurements at Reporting Date Using:

	<u>12/31/14</u>		<u>12/31/13</u>	
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>
Investments	\$1,018,710	\$1,018,710	\$1,005,555	\$1,005,555

**Stones River Manor, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE D – PROPERTY AND EQUIPMENT**

Expenditures for physical properties are stated at cost. Donated amounts are recorded at their estimated fair market values at the date of contribution.

Property and equipment consisted of the following at December 31, 2014:

Building	\$ 6,152,889
Building Improvements	1,576,396
Equipment	753,857
Furniture and Fixtures	<u>191,193</u>
	8,674,335
Less: Accumulated Depreciation	<u>(4,162,901)</u>
	\$ 4,511,434
Land	<u>154,418</u>
	<u><u>\$ 4,665,852</u></u>

**NOTE E – LONG TERM OBLIGATIONS**

Long term obligations consist of a mortgage payable. The mortgage will mature in June 2016, and is due in monthly installments of \$27,000, including interest of 5% per annum. The total principal outstanding at December 31, 2014 was \$2,776,489. The remaining principal balance will be due at maturity. The mortgage payable is collateralized by a deed of trust and all assets of the Organization as well as the Organization's trade receivables. Principal requirements of the Organization amount to:

Year Ended December 31,

2015	\$ 189,746
2016	<u>2,586,743</u>
	<u>\$2,776,489</u>

**NOTE F- TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are a result of donations for the walking trail capital project (Manor Walk) as well as a Capital Campaign designed to build a nursing home facility at the manor.

**NOTE G – RELATED PARTIES**

Stones River Manor Ladies Auxiliary

The Stones River Manor Ladies Auxiliary was formed shortly after the home opened in 1976 and its primary function was to assist the residents at the home. Over the years, the auxiliary ladies have enriched the environment at the home by sponsoring monthly social functions for the residents. The ladies auxiliary charge a nominal annual membership fee which is used to furnish the supplies for the monthly events, with any excess funds being used to purchase small furnishings for the home. Furnishings contributed by the Stones River Manor Ladies Auxiliary are added to fixed assets and treated as contributed capital.

**Stones River Manor, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE H – BENEVOLENT FUND**

The fund is designated by the board of Directors of the Organization to aid residents who are unable to pay for their care that is provided by the Organization. The Board and the Organization's management review the accounts of residents quarterly to determine the need and the amount of benevolent aid that will be provided. For the year ending December 31, 2014, benevolent aid provided to residents totaled \$284,653.

**NOTE I – BAD DEBT EXPENSE**

During 2014, management determined that \$1,672 resident fees were uncollectible in addition to benevolent aid provided to residents as discussed in Note H. All of the \$28,603 recorded as resident receivables at December 31, 2014 is deemed to be collectible.

**NOTE J – DEFINED CONTRIBUTION RETIREMENT PLAN**

The Organization sponsors an employee retirement plan under Section 401(k) of the Internal Revenue Code. Employees who have attained 21 years of age are eligible to contribute to the plan after one year of service, which is defined as a year in which the employee works more than 750 hours. The Organization matches an employee's contributions up to four percent of the employee's eligible compensation. Employees are immediately vested in their contributions to the plan and are one third vested in the employer's matching contributions after two years of service, two thirds vested after three years of service, and are fully vested at the end of four years of service. The expense for the Organization's matching contributions included in the Statement of Activities for December 31, 2014 is \$48,129.

**NOTE K – CAPITAL LEASE**

The Organization leases a Kyocera Task Alpha 400CI and a NEC IT-2840D from De Lage Landen Financial Services, Inc. under a capital lease. The lease is payable in monthly installments of \$623.80 including taxes and insurance. The lease term expires in April 2016, with an option to renew or to purchase the equipment for fair market value plus applicable sales and other taxes.

The following is an analysis of the leased assets included in property and equipment.

Fiscal Year Ending	
December 31, 2014	
Equipment	\$24,974
Accumulated Depreciation	<u>(18,731)</u>
	<u>\$ 6,243</u>

The present value of the future minimum lease payments under these lease agreements are as follows:

Year Ending December 31,	
2015	\$ 6,171
2016	<u>774</u>
Total	<u>\$ 6,945</u>

**NOTE L- CHANGES IN NET ASSETS RESTRICTIONS**

Temporary restrictions on net assets will change as the construction in progress changes on the walking trail capital project and capital campaign nursing home project.

**NOTE M- SUBSEQUENT EVENTS**

Subsequent events were evaluated through April 20, 2015, when these financial statements were available to be issued.



## SUPPLEMENTAL INFORMATION

Stones River Manor, Inc.  
ADMINISTRATIVE AND GENERAL EXPENSES - SCHEDULE I  
Year Ended December 31, 2014

	Fund				Total
	Operating	Haynes Endowment	Benevolent	Capital Campaign	
	\$	\$	\$	\$	\$
Advertising	11,038	-	-	-	11,038
Amortization	394	-	-	-	394
Automotive	6,772	-	-	-	6,772
Administrative Salaries	210,627	-	-	-	210,627
Bad Debt Expense	1,672	-	-	-	1,672
Benevolent Write-Offs	284,653	-	-	-	284,653
Contract Services	36,921	-	-	-	36,921
Employee Benefits	260,388	-	-	-	260,388
Fees	8,881	-	-	-	8,881
Operations and Maintenance Salaries	196,565	-	-	-	196,565
Dues and Subscriptions	5,323	-	-	-	5,323
Seminars and Workshops	10,536	-	-	-	10,536
Repairs and Maintenance	51,522	-	-	-	51,522
Utilities	227,982	-	-	-	227,982
Payroll Taxes	29,223	-	-	-	29,223
Property Taxes	32,535	-	-	-	32,535
Insurance	69,441	-	-	-	69,441
Licenses	3,753	-	-	-	3,753
Supplies and Postage	39,492	-	-	-	39,492
Depreciation	249,327	-	-	-	249,327
Mobile Phone Nurse Call System	14,480	-	-	-	14,480
Uniform Expense	7,020	-	-	-	7,020
Miscellaneous	75,835	-	-	-	75,835
	<u>\$ 1,834,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,834,380</u>

**Section C: Contribution to the Orderly Development of Healthcare –  
7(c)**

**Applicant's Assisted Care Living Facility License**

# Board for Licensing Health Care Facilities



State of

Tennessee

License No. ACL00000000142

No. Beds 0100

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

STONES RIVER MANOR, INC. to conduct and

*maintain an Assisted Care Living Facility* STONES RIVER MANOR, INC.

*Located at* 205 HAYNES DRIVE, MURFREESBORO

*County of* RUTHERFORD, Tennessee.

*This license shall expire* JUNE 17, 2015 *and is subject*  
*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,*  
*and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the*  
*laws of the State of Tennessee or the rules and regulations of the State Department*  
*of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State*

*this* 17TH day of JUNE, 2014.



By James J. Davis, MPH  
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By John J. Davis, Jr.  
COMMISSIONER

## Proof of Publication



Order Confirmation for Ad #: 0000515150

Customer: BRADLEY ARANT BOULT CUMMII  
Address: 1600 DIVISION ST STE 700  
 NASHVILLE TN 37203 USA  
Acct. #: NAS-534576  
Phone: 6152523538  
EMail:  
Payor: BRADLEY ARANT BOULT CUMMII  
Ordered By: NAS-Bates

Order Start Date: 06/10/2015 Order End Date: 06/10/2015

<u>Tear Sheets</u>	<u>Affidavits</u>	<u>Blind Box</u>	<u>Promo Type</u>	<u>Materials</u>	<u>Special Pricing</u>
1	1				
<u>Net Amount</u>	<u>Tax Amount</u>	<u>Total Amount</u>	<u>Payment Method</u>	<u>Payment Amount</u>	<u>Amount Due</u>
\$217.70	\$0.00	\$217.70	Credit Card	\$0.00	\$217.70

Ad Order Notes:

Sales Rep: hhayward

Order Taker: lbates

<u>Product</u>	<u># Ins</u>	<u>Start Date</u>	<u>End Date</u>	<u>Run Dates</u>
NAS-DNJ.com	1	06/10/2015	06/10/2015	
NAS-Daily News Journal	1	06/10/2015	06/10/2015	

0000515150

## **NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Stones River Manor, owned by Stones River Manor, Inc., a non-profit corporation, intends to file an application for a Certificate of Need for the establishment of a thirty (30) bed Medicare-certified skilled nursing facility. The location of Stones River Manor is 205 Haynes Drive, Murfreesboro, Tennessee 37129 (Rutherford County), and the estimated project cost is \$2,729,126.75.

The anticipated filing date of the application is on or before June 15, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is [mbrent@babbc.com](mailto:mbrent@babbc.com). Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

**Health Services and Development Agency**  
**Andrew Jackson Building, 9th Floor**  
**502 Deaderick Street**

**Nashville, Tennessee 37243**

Pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

# Affidavit



AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Stones River Manor, Inc.

I, Kirk Mason, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Kirk Mason

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 15<sup>th</sup> day of June, 2015, witness my hand at office in the County of Davidson, State of Tennessee.

Brenda Covington

NOTARY PUBLIC

My commission expires July 2, 2018.

HF-0043

Revised 7/02



## Letters of Support

JUN 15 '15 4:43:2



# House of Representatives

## State of Tennessee

NASHVILLE

**DAWN WHITE**

STATE REPRESENTATIVE  
37<sup>th</sup> LEGISLATIVE DISTRICT

**LEGISLATIVE ADDRESS:**

209A War Memorial Building  
NASHVILLE, TENNESSEE 37243-0106  
PHONE: (615) 741-6849  
rep.dawn.white@capitol.tn.gov

June 5, 2015

Health Services and Development Agency Board Members  
500 Deaderick Street  
Nashville, TN 37242

Dear Board Members,

It is with great pleasure that I write to support the Certificate of Need (CON) Application submitted by Stones River Manor. Stones River Manor's existing operations have provided valuable services to the citizens of our community, and I am confident that the addition of a nursing home would prove an asset as well.

As I am sure you are aware, Rutherford County has grown exponentially in the last few years, and with that growth comes greater demand for necessary services. As the healthcare needs of our senior citizens increase, a nursing home at Stones River Manor would be a welcome addition for current and future residents.

I highly recommend the approval of a skilled nursing and rehab facility at Stones River Manor. I have no doubt that Stones River Manor would prove successful in this endeavor. Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Dawn".

Dawn White  
State Representative  
37<sup>th</sup> District



HOUSECALL *Today*

6-10-15

To Whom It May Concern,

I am a nurse practitioner who has provided patient medical services to the residents at Stones River Manor for the past four years. I am recommending Stones River Manor for approval of a CON for a 30 bed skilled nursing facility. Assisted living residents often require a higher level of care at some point and having a skilled facility to transfer to on the same campus would be beneficial to the resident of Rutherford County. I highly recommend Stones River Manor to fill that need for Rutherford County residents. The care Stones River Manor provides is excellent and I know they will provide that level of care in the skilled setting as well. Please contact me if you have any questions or concerns @ 615-354-7839.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tonya Gager'.

Tonya Gager, NP

Date: June 2, 2015  
To: Whom it may concern  
From: Dr. E. K. Johnson  
Re: Stones River Manor, Inc.  
Murfreesboro, TN

I am writing to offer my full recommendation for the construction of a skilled nursing and rehab facility (SNF) by Stones River Manor in Murfreesboro, Tennessee. The addition of such a facility in Rutherford County, particularly on the Stones River campus, will be a welcome addition to the community and one that is much needed.

I am aware of the ongoing and escalating healthcare needs of the residents at assisted living facilities, such as the one on their own campus, and the difficulties which families are facing in arranging for rehab and long-term care for their loved ones. Having such a facility will be like an answered prayer to those residing there now, and I know it will be one that is eagerly accepted in Rutherford County and the surrounding area.

As you know, Rutherford County is one of the most rapidly growing counties in the United States, and has been for many years. The healthcare community has grown by leaps and bounds, however expansion of the services available for seniors beyond home care and assisted living has been relatively stagnant.

We desperately need the additional beds that this proposed facility will provide, and I know of no better place anywhere than Stones River Manor to fill that need. The care that is provided in their current senior living community is impeccable, and I know that it will extend to the next level as well.

Please do not hesitate to contact me if I can provide additional information or be of further service in any way.

Sincerely,



E. K. Johnson, MD

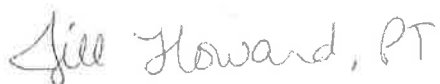
To Whom It May Concern,

I am a physical therapist who has been working with patients at Stones River Manor for over six years. My grandmother was a resident of Stones River Manor. As a therapist and as a granddaughter, I can see the benefits of having a 30 bed skilled nursing home as well as rehab for the residents of Stones River Manor.

I have encountered patients who had high anxiety leaving the Manor and could have felt some ease if knowing they would be able to return to Stones River Manor for rehab after a surgery or episode of temporary weakness. I have also encountered patients who were worried about where they would go once their functional level decreases and they are no longer able to stay in assisted living.

There have been times when former patients have had to stay in the hospital, due to availability for a rehab or nursing room. The need for a nursing home and rehab unit is there for the Murfreesboro community.

Sincerely,

A handwritten signature in cursive script that reads "Jill Howard, PT". The ink is dark and the signature is fluid.

Jill Howard, PT

# The City of Murfreesboro

## *Office of the Mayor*

111 West Vine Street  
Post Office Box 1139  
Murfreesboro, TN 37133-1139

Office: (615) 849-2629  
Fax (615) 849-2679  
Email: [smcfarland@murfreesborotn.gov](mailto:smcfarland@murfreesborotn.gov)

June 2, 2015

To whom it may concern:

I am writing to offer my full recommendation for the construction of a skilled nursing and rehab facility (SNF) by Stones River Manor in Murfreesboro, Tennessee. Stones River Manor has been a long time community partner and a valued community participant.

We are working on a Comprehensive 25 year plan in the City as we speak. One of the things that continues to be seen as a need is the ability to care for our aging population. Rutherford County is one of the most rapidly growing counties in the United States, and has been for many years. We see this need only to increase.

Please take these many factors into consideration and know that Stones River Manor has the full support of our City.

Please do not hesitate to contact me if I can provide additional information or be of further service in any way.

Sincerely,



Mayor Shane McFarland

MAYOR SHANE MCFARLAND

CITY COUNCIL MEMBERS:

DOUG YOUNG,  
VICE-MAYOR

MADELYN SCALES-HARRIS

RICK LALANCE

BILL SHACKLETT

EDDIE SMOTHERMAN

RON WASHINGTON



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

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July 1, 2015

Michael D. Brent, Esq.  
Bradley Arant Boult and Cummings LLP  
1600 Division St, Suite 700  
Nashville, TN 37203

RE: Certificate of Need Application -- Stones River Manor - CN1506-026  
The establishment of a 30 bed Medicare-certified skilled nursing facility (SNF) nursing home located at 205 Haynes Drive, Murfreesboro (Rutherford County), TN 37129. The estimated project cost is \$2,729,126.75.

Dear Mr. Brent:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is [Trent.Sansing@tn.gov](mailto:Trent.Sansing@tn.gov) or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on July 1, 2015. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on September 23, 2015.



Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (3) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (4) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill  
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA




**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

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MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM:   
Melanie M. Hill  
Executive Director

DATE: July 1, 2015

RE: Certificate of Need Application Stones River Manor - CN1506-026

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on July 1, 2015 and end on September 1, 2015.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Michael D. Brent, Esq.,



**State of Tennessee  
Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

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**LETTER OF INTENT**


The Publication of Intent is to be published in the Daily News Journal, which is a newspaper of general circulation in Rutherford County, Tennessee, on or before June 10, 2015, for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Stones River Manor, owned by Stones River Manor, Inc., a non-profit corporation, intends to file an application for a Certificate of Need for the establishment of a thirty (30) bed Medicare-certified skilled nursing facility. The location of Stones River Manor is 205 Haynes Drive, Murfreesboro, Tennessee 37129 (Rutherford County), and the estimated project cost is \$2,729,126.75.

The anticipated filing date of the application is on or before June 15, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is [mbrent@babc.com](mailto:mbrent@babc.com).

  
(Signature)

  
(Date)

[mbrent@babc.com](mailto:mbrent@babc.com)  
(E-mail Address)

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The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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SUPPLEMENTAL

**COPY**  
**- #1**  
**ORIGINAL**

Stones River Manor, inc.

CN1506-026

June 25, 2015

**VIA HAND DELIVERY**

Mr. Phillip Earhart  
HSDA Examiner  
Tennessee Health Services and Development Agency  
161 Rosa L. Parks Boulevard, 3<sup>rd</sup> Floor  
Nashville, Tennessee 37243

**Re: Responses to First Set of Supplemental Requests: Stones River Manor, Inc.  
(CN1506-026)**

Dear Phillip:

In response to your emailed request for clarifying information and revised pages, please find enclosed Stones River Manor, Inc.'s responses to the requested information. Accompanying this letter are an original and two copies of the supplemental responses, along with the supplemental affidavit.

If you or the HSDA staff have any questions or require further information, please contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP



Michael D. Brent

Enclosures

cc: Kirk Mason, Stones River Manor



**State of Tennessee**

**Health Services and Development Agency**

**SUPPLEMENTAL**

Frost Building, 3<sup>rd</sup> Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

June 25, 2015

Michael D. Brent  
Bradley Arant Boult Cummings LLP  
Development Support Group  
1600 Division Street, Suite 700  
Nashville, TN 37203

RE: Certificate of Need Application CN1506-026  
Stone River Manor, Inc.

Dear Mr. Brent:

This will acknowledge our June 15, 2015 receipt of your application for a Certificate of Need for the establishment of a 30 bed Medicare-certified skilled nursing facility (SNF) nursing home located at 205 Haynes Drive, Murfreesboro (Rutherford County), TN 37129.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Thursday, June 25, 2015. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

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**1. Section A, Applicant Profile, Section 9**

Please provide a total to the Bed Complement Data Chart and resubmit.

**RESPONSE:** Please find enclosed as Attachment 1 the revised page 11 reflecting the Bed Complement Data Chart with a total.

**2. Section B, Project Description, Item 1.**

Please describe the five levels of assisted living care currently provided.

**RESPONSE:** The current five levels of assisted living care provided at Stones River Manor (the "Applicant") are:

- Star 1, Basic Care – Residents are able to self-administer medications, bathe and dress on their own and require little or no assistance with Activities of Daily Living ("ADL").
- Star 2, Supervised Care – Residents requiring medication assistance.
- Star 3, Supported Care – Residents requiring medication, bathing and dressing assistance.

- Star 3+, Support Plus Care – Residents requiring assistance over and above normal supported care, such as incontinence care.
- Star 4, Assured Care – Residents requiring care in our secured memory unit for Alzheimer's and dementia or other forms of advanced care needs.

Is the proposed 24-bed dementia care unit a bed addition to the ACLF? If not, then how will it be licensed?

**RESPONSE:** The 24-bed dementia care unit will replace the Applicant's current memory care center at the assisted care living facility ("ACLF"). The current memory care center will be renovated for other uses that are not subject to CON requirements.

Please provide an overview of the care to be provided in the dementia care unit.

**RESPONSE:** Please see enclosed as Attachment 2 a copy of the Applicant's dementia care plan and checklist.

What is the "Assured Care Center" and how is it different from the "Manor"?

**RESPONSE:** The Applicant's memory care center is called the "Assured Care Center," and has been so named since 1994 when it opened. The "Assured Care" methodology for Alzheimer's and dementia care is the Applicant's own term for the care philosophy employed by its caregivers, similar in many respects to the "Best Friends" approach advanced by David Troxel, M.P.H., and Virginia Bell, M.S.W. The name, "Assured Care Center" is in reference to the secured memory care center of the "Manor."

How many independent units are there and what services are currently provided to residents of those units?

**RESPONSE:** The campus currently has thirty (30) independent living apartments, seventeen (17) one-bedroom units, and thirteen (13) two-bedroom units. Independent living residents are provided similar services as Star 1, Basic Care residents (see levels of care listed above), with a few exceptions: one meal daily, rather than three, laundry service is optional (most apartments include washers and dryers), apartments are equipped with nurse call stations for emergency use, monthly health check-ups, the same activities programs and events with assisted living residents, transportation services and housekeeping.

Where are adult day care services and clinical and therapy services provided in relationship to the proposed SNF? Are the clinical and therapy services provided only to residents of Stones River Manor or are you providing outpatient therapy? Will any waivers be required from the Board for Licensing Health Care Facilities for shared services or to waive any services?

**RESPONSE:** Adult day care services are provided in both the ACLF and Assured Care Center. Adult day care clients receive the same services as ACLF residents based upon their needed care level. Clinical and therapy services are currently provided only to residents of Stones River Manor; no outpatient services are currently being provided. However, the proposed project will include the addition of an outpatient rehab therapy center accessible to the residents of the CCRC. As such, the Applicant will be required to seek a waiver from the Board for Licensing Health Care Facilities for the outpatient rehab therapy center.

Please clarify how you will manage outside admissions to the SNF since your goal is to create a CCRC. Describe in detail any bed holds or any plans you have in place to maintain adequate beds for the residents of Stones River Manor and explain how that complies with federal law.

**RESPONSE:** Outside admission to the proposed skilled nursing facility ("SNF") will operate under the relevant regulations pertaining to SNF admissions. Bed holds or other types of exclusionary arrangements for Stones River Manor residents will not be employed. We fully comprehend the situations that can arise once the SNF begins to reach capacity; however, Stones River Manor is open to the public and serves the community at large. It is not an exclusive facility and beds will be allocated on a first come-first served basis in compliance with federal law.

Please provide an overview of the proposed CCRC model proposed for Stones River Manor. Describe how the residents would interact with one another even though they may be in different levels of care (for example-activities, meals).

**RESPONSE:** The Applicant's CCRC model will not be a typical Type A, Type B or even Type C contract. All services are provided on a month-to-month rental basis, with no lease to sign, no deposit, and no buy-in fees. A nominal move-in fee is charged for administrative costs and room maintenance only. SNF services will be charged at the prevailing daily rates with, likewise, no facility buy-in fee or contract to sign.

ACLF residents, independent living residents, and adult day care clients all interact with one another daily in the dining room, activities centers and common areas throughout the campus. This same philosophy will be employed, to some extent, with residents of the SNF. Although the SNF will have its own dining room and activity center, interaction with other residents will still take place in common areas, library, courtyards and wellness centers, etc. Family members and other visitors are also encouraged to promote and participate in such interaction among residents.

### 3. Section B, Project Description, Item B.II.A

Please identify the number of current beds available in apartments and assisted living units and their locations on the applicant's campus. Please also identify the current occupancy for each type of living unit.

**RESPONSE:** There are currently thirty (30) Independent Living Apartments, consisting of seventeen (17) one-bedroom units and thirteen (13) two-bedroom units in three (3) complexes: A, the Annex Apartments (101-109) located near the northwest corner of the property, B, the Courtyard Apartments (B201-212), an L-shaped complex located in the southeast quadrant of the campus consisting of eight (8) one-bedroom units and four (4) two-bedroom units, and C, the Courtyard Apartments, located on the southeast corner facing Castlewood Drive, consisting of six (6) one-bedroom units and three (3) two-bedroom units.

In addition, there are currently fifty (50) Assisted Living Rooms (Star 1, 2, 3 and 3+), which are located in the Phase One and Phase Two hallways of "The Manor" ACLF. Three (3) of these units are suites, accommodating two (2) residents each. These hallways are connected by three (3) crossover halls. The east hall includes eight (8) Assisted Living Rooms, the middle hall includes the activity center, activities office, a meeting room and the beauty/barber shop. There are a total of fifty-eight (58) Assisted Living Rooms.



Twenty-two (22) Memory Care Rooms are located in the Assured Care Center, a T-shaped section of the northwest area of the ACLF. This unit is secured from the main building with keypad, code-access. This area will be renovated after the new Assured Care Center is opened to provide for a chapel, an expanded adult day care area and activities center, with ten (10) rooms retained for assisted living use.

Total Current ACLF Licensed Beds:	100
Total Current ACLF Units:	80
Total ACLF Units after additions and renovations:	92

If a resident currently in independent living or assisted living moves in to the SNF nursing home, what happens to their current living arrangement?

**RESPONSE:** Residents moving from independent living or the ACLF or to the SNF will vacate their current living arrangement if it is anticipated that the resident will not be able to return to their current living arrangement. However, if a resident's move is only temporary, the resident will be able to maintain the current living arrangement. For example, a resident of the ACLF that is admitted to the SNF temporarily for rehabilitation may return to his or her previous unit at the ACLF when discharged from the SNF.

The applicant mentions the renovation of its current Assured Care Center to include an assisted living special needs care wing, an adult day care area, and a chapel. Please clarify if renovation will it occur simultaneously with this proposed project.

**RESPONSE:** As mentioned above, renovation of the existing Assured Care area of the building will not take place until after the new facilities have been completed and occupied.

The Square Footage and Costs per Square Footage Chart found is partially complete. Please complete and resubmit.

**RESPONSE:** Please see the revised Square Footage and Costs per Square Footage Chart included as Attachment 3.

Please describe the 1,800 SF physical therapy and 1,200 SF café/main street areas.

**RESPONSE:** The 1,800 square foot ("SF") physical therapy center will provide physical therapy, occupational therapy and speech therapy for SNF rehab patients. Personalized treatment plans will be provided for each patient using an interdisciplinary approach with therapists from each specialty area. Rehab therapists will utilize appropriate methodologies and equipment to return patients to the highest attainable functional level. Equipment and methodologies shall include:

- Post Stroke & Neurological Dysfunction
- Osteoarthritis Program
- Contracture Management
- Continence Improvement
- Wound Healing
- Dementia Management
- Cognitive Impairment Therapy
- Functional Mobility and Fall Prevention
- Pain Management
- Dysphagia Intervention
- Neuromuscular Electrical Stimulation for Swallowing

- Dietary Modification
- Low Vision Adaptation
- ADL Restoration
- E-Stim
- Ultrasound
- Diathermy
- PENS
- TENS

The 1,200 SF Café/Main Street area will provide an open space with comfortable seating and natural lighting where residents and family members can commune in a pleasant, public environment away from the confines of the patient room or the crowd and bustle of the dining area. This area will be accessible from each direction by staff, residents, family members and guests from each of the care sectors of the campus. It is also within close proximity of administrative offices, the rehab/therapy center and the dining area, providing quick and easy access in a safe, secure environment.

#### 4. Section B, Project Description Item III.A.

Please submit a more legible Plot Plan.

**RESPONSE:** Please see enclosed as Attachment 4 a larger version of the previously-submitted Plot Plan.

#### 5. Section B, Project Description Item IV. Floor Plans

Please provide a more legible floor plan which clearly notes private and semi-private rooms.

**RESPONSE:** Please see enclosed as Attachment 5 a larger version of the previously-submitted Floor Plan.

The floor plan reflects 24 skilled beds, not 30 as indicated in this application. Please clarify.

**RESPONSE:** While the Applicant's submitted floor plan indicated 24 private rooms, the intent is to use 6 of those rooms as semi-private, increasing the bed total to 30. We have noted on the Floor Plan enclosed as Attachment 5 those rooms that are intended to be semi-private with 2 beds.

The floor plan indicates there are two 24 bed skilled nursing units. Please clarify.

**RESPONSE:** The floor plan shows two 24-bed (or room) units. The southernmost, or blue rooms are the SNF, with 18 private rooms and 6 semi-private rooms for a total of 30 beds. The section on the north side of the addition, or green rooms, is the proposed new Assisted Living Assured Care Unit for Alzheimer's and dementia care. We have labeled these units for your reference on the Floor Plan enclosed as Attachment 5.

Please provide a floor plan that outlines the 16,215 SF that is subject to this application.

**RESPONSE:** We have labeled the 16,215 SF unit subject to CON review for your reference on the Floor Plan enclosed as Attachment 5.

The legend in the floor plan for 26,600 square feet is noted. However, please complete the following table showing how the areas of the floor plan are allotted between the proposed 24 bed skilled unit and the 24 bed memory care unit.

**RESPONSE:** Please see the completed chart below. Please note that we have changed the chart to reflect the 30-bed skilled unit. As mentioned above, while there are 24 rooms in the skilled unit, there are 18 private rooms and 6 semi-private rooms for a total of 30 beds. In addition, please note that the 26,600 SF total does not include the 6,700 SF shared courtyard area. The courtyard, although listed as a shared area, will be divided by a security fence, neatly blended into the landscape, providing a secure area only accessible from its own entry and exit points.

Area	Square Feet	24 Bed Memory Care Unit	30 bed skilled Unit	
Connectors Links	1,200 SF	600 SF	600 SF	
Office Area	1,600 SF	800 SF	800 SF	
Dining	2,600 SF	1,300 SF	1,300 SF	
Warming Kitchen	330 SF		330 SF	
Activity	1,200 SF	650 SF	550 SF	
Physical Therapy	1,800 SF		1,800 SF	
Nurses Station/Support	1,100 SF	550 SF	550 SF	
24 bed Memory Care	6,585 SF		6,585	
30 bed skilled care	6,585 SF	6,585		
Shared court yard	6,700 SF	3,350 SF	3,350 SF	
Café/Main Street	1,200 SF	600 SF	600 SF	
Public Circulation	2,400 SF	1,200 SF	1,200 SF	
Total	26,600 SF	15,635 SF	17,665 SF	

6. Section C, Need, Item 1.a. (Service Specific Criteria (Nursing Home Services)  
A. Need 3.

Please discuss how the Long-Term Care Community Choices Act of 2008 has impacted nursing home utilization rates in Rutherford County since 2009. The Long-Term Care Community Choices Act of 2008 allows TennCare to pay for more community and home-based services for seniors such as household assistance, home delivered meals, personal hygiene assistance, adult day care centers and respite.

**RESPONSE:** With respect to how the Long-Term Care Community Choices Act of 2008 (the "Choices Act") has impacted nursing home utilization rates in Rutherford County since 2009, we have analyzed the nursing home utilization rates for 2011 through 2013 and have not found a significant effect in utilization of nursing home beds, nor any

information that supports a particular utilization trend either upward or downward as a result of the Choices Act. Utilization information in Rutherford County is provided below in response to Question 9. Moreover, the Choices Act only affects Medicaid/TennCare patients. As noted previously, the Applicant does not currently plan to seek Medicaid certification. However, the Applicant may seek Medicaid certification at a later date should any residents outlive their resources and begin to exhaust the Applicant's endowment fund for indigent patients. In addition, the Applicant's CCRC model results in a mostly Medicare/private pay patient based and is consistent with TennCare's model (and other payors' models) of moving care down to the lowest intensity service. As such, the project should have a limited impact on the TennCare program, if any.

The Tennessee Department of Health statistics have identified that nursing home occupancy has remained high. According to the report, "Percent occupancy for Tennessee nursing homes remained high throughout the 2003-2012 time period, fluctuating between 84 to 89 percent. High occupancy is typical for the nursing home industry and appears to be invariant with changes occurring in resource capacity." See <http://health.tn.gov/statistics/PdfFiles/TnNursingHomeTrends2012.pdf>.

**7. Section C, Need, Item 1.a. (Service Specific Criteria (Nursing Home Services) B. Occupancy and Size Standards 2.**

Please indicate if the Tennessee Department of Health has identified any nursing home in the proposed service area as consistently non-complying with licensure regulations or certification.

**RESPONSE:** We are not aware of any nursing homes in Rutherford County that the Tennessee Department of Health has identified as consistently non-complying with licensure regulations or certification. However, while not necessarily indicative of consistent non-compliance with licensure regulations, the following nursing homes in Rutherford County have only one star ratings on the CMS Nursing Home Compare website: Christian Care Center of Rutherford County (f/k/a Peachtree Center), NHC Healthcare, Boulevard Terrace Rehab and Nursing Home, and Northside Health Care Nursing and Rehabilitation Center.

**8. Section C, Need, Item 4.A.**

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

**RESPONSE:** Please see below the completed chart.

<i>Variable</i>	<i>Rutherford County</i>	<i>TN</i>
<i>Current Year (2015), Age 65+</i>	28,650	1,012,937
<i>Projected Year (2019), Age 65+</i>	34,874	1,134,565
<i>Age 65+, % Change</i>	21.7%	12.0%
<i>Age 65+, % Total (2019)</i>	10.3%	16.5%
<i>2015, Total Population</i>	302,237	6,649,438
<i>2019, Total Population</i>	338,904	6,894,997

<i>Total Pop. % Change</i>	12.1%	3.7%
<i>TennCare Enrollees (As of 5/2015)</i>	45,672	1,408,597
<i>TennCare Enrollees as a % of Total Population (2015)</i>	15.1%	21.2%
<i>Median Age</i>	32	38
<i>Median Household Income</i>	\$55,401	\$44,298
<i>Population % Below Poverty Level</i>	13.0%	17.6%

## 9. Section C, Need, Item 5

Please complete the following table for all licensed nursing homes located in Rutherford County:

**RESPONSE:** Please see below the completed chart.

Nursing Home	2015 Lic'd Beds	2011 Patient Days	2012 Patient Days	2013 Patient Days	'11- '13 % Change	2011 % Occ.	2012 % Occ.	2013 % Occ.
Adams Place	90	32,341	32,011	31,617	-2.2%	98.5%	97.4%	96.2%
Boulevard Terrace Rehab and Nursing	100	27,794	34,004	21,120	-24.0%	76.1%	93.2%	57.9%
Community Care of Rutherford County	131	46,004	46,286	45,090	-2.0%	96.2%	96.8%	94.3%
Mayfield Rehab and Special Care	125	41,680	40,230	38,494	-7.6%	91.4%	88.2%	84.4%
NHC Healthcare, Murfreesboro	181	62,956	62,475	50,464	-19.8%	95.3%	94.6%	76.4%
Northside Health Care Nursing and Rehab	68	22,929	22,254	22,202	-3.2%	92.4%	89.7%	89.5%
Peachtree Center Nursing and Rehab	98	20,411	29,114	28,490	39.6%	57.1%	81.4%	79.6%
Tennessee Veterans Home	140	48,913	48,810	48,633	-0.6%	95.7%	95.5%	95.2%
<b>Total</b>	933	303,028	315,184	286,110	-5.6%	87.8% (avg)	92.1% (avg)	84.2% (avg)

Please complete the following chart for all Rutherford County service area nursing homes:

**RESPONSE:** Please see below the completed chart.

## Service Area Nursing Home Utilization -Most Recent JAR

Facility	Lic. Beds	SNF Beds-Medicare	SNF Beds-Medicare/Medicaid	Other Lic. Beds	SNF Medicare ADC	SNF Medicaid ADC	SNF Other ADC	Non-Skilled Medicaid ADC	Non-Skilled All Other Payor ADC	Total ADC
Adams Place	90	40	0	50	29	0	58	0	0	87
Boulevard Terrace Rehab and Nursing	100	0	100	0	15	34	9	0	0	58
Community Care of Rutherford County	131	0	131	0	20	10	1	72	20	124
Mayfield Rehab and Special Care	125	0	125	0	14	4	0	81	6	105
NHC Healthcare, Murfreesboro	181	0	181	0	37	8	0	74	20	138
Northside Health Care Nursing and Rehab	68	0	68	0	14	0	0	35	12	61
Peachtree Center Nursing and Rehab	98	0	98	0	15	1	0	44	14	74
Tennessee Veterans Home	140	0	140	0	11	1	7	73	40	133
Total	933	40	843	50	154	59	75	380	112	780

## 10. Section C, Need, Item 6

Your response to this item is noted. Please complete the following chart.

**RESPONSE:** Please see below the completed chart.

## Applicant Facility-Projected Utilization

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	SNF Other ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
*Year 1	30	30	20	7	0	27	90.0%
*Year 2	30	30	22	6	0	28	93.3%

Please clarify how the applicant will reach an average daily census of 27 in Year One if the applicant discharges three to six residents monthly to hospitals, and then those residents are discharged to a skilled nursing facility.

**RESPONSE:** Using a conservative ratio of 2:1 (resident patients to outside patients), and a moderate 50% discharge rate, the Applicant's first year census projections from Month 1 through Month 5 indicate the SNF will be filled to capacity as follows:

Month	Admittances	Discharges	Census Total
Month 1	$12 + 6 = 18$	9.0	9.0
Month 2	$10 + 5 = 15$	7.5	16.5
Month 3	$8 + 4 = 12$	6.0	22.5
Month 4	$6 + 3 = 9$	4.5	27.0
Month 5	$6 + 3 = 9$	6.0	30.0
Month 6-12	avg. 12	12.0	30.0

The above projections indicate an average monthly census of 26.25. Reaching full capacity by Month 3, rather than Month 5, as the Applicant's consultant projected, increases the daily average first year census to 28.0. The Applicant split the difference and used an average daily figure of 27, which is equivalent to 90 percent occupancy. The Applicant believes that 90 percent occupancy projections for the first year are conservative due to the following considerations:

- The Applicant anticipates that a large portion of its patients that original from outside the CCRC will move to an assisted living or independent living unit following discharge from the SNF.
- The Applicant currently budgeted for 95 percent occupancy in its existing senior living facilities and has exceeded its budget projections each year for the past 8 years except one, and produced 94.7 percent that year.
- The Applicant has a standing reputation for excellent care, which it intends to carry over to the skilled nursing and rehab level. The Applicant's feasibility study showed that more than 75 percent of those interviewed cited excellent care as our number one asset. In that same study, more than 75 percent cited the lack of a skilled nursing center as the only negative aspect of Stones River Manor.
- The two top-rated nursing homes in Rutherford County consistently average better than 95 percent occupancy. These facilities are the highest rated in the Applicant's community because of their high quality of care, which will be the Applicant's number one asset.
- Reaching high occupancy percentages in independent and assisted living, in many ways, is more difficult and/or demanding because these levels of housing and care are largely elective and choices are greater. Skilled care is seldom, if ever, elective and choices are made based on the care/cost ratio. In Rutherford County, the selection is most often based on what is available. Given the choice, the Applicant believes it will be at or near the top of every list. It will be a brand new facility, a faith-based, non-profit facility, and one with a reputation for great care.

Please indicate the percentage of patient days that are projected to originate from residents within the applicant's campus and from outside the campus in Year One.

**RESPONSE:** As noted above, the Applicant expects a ratio of 2:1 for patients originating from within the CCRC and patient originating from outside the CCRC. Based on this figure, the Applicant anticipates that 66.7 percent of its patient days will originate from

the CCRC while 33.3 percent of its patient days will original from outside the CCRC in Year One.

#### 11. Section C, Economic Feasibility, Item 1

The letter from J & S Construction estimating construction costs at \$2,300,000 for the building and site work is noted. However, the cost of \$22,000 for site for the proposed site preparation was not included. Please clarify.

**RESPONSE:** The \$2,300,000 estimated constructions cost includes the \$22,000 site preparation cost. The Applicant has revised the Project Costs Chart accordingly, which is enclosed as Attachment 11.

Please provide documentation from a licensed architect or construction professional that includes the following:

- 1) a general description of the project,
- 2) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and
- 3) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the 2010 AIA Guidelines for the Design and Construction of Health Care facilities.

**RESPONSE:** The Applicant has requested a letter from its architect and will provide a copy immediately upon receipt.

#### 12. Section C, Economic Feasibility, Item 2

It is noted the funding for the proposed project will be a combination of a commercial loan, donations, and cash reserves. Please provide documentation of the availability of funding from fundraising for the proposed project. In your response please include the amount that will be devoted from fundraising to the proposed project and the current balance collected to date.

**RESPONSE:** The Applicant's financial reports reflect that the Applicant has about \$1.1 million in cash, designated specifically for the SNF, not for other expansions as noted in the letter from the Applicant's CEO enclosed as Attachment 12(a). The Christy-Houston Foundation has pledged another \$1 million, also dedicated solely to the SNF. A letter regarding this pledge is enclosed as Attachment 12(b).

Please clarify if the bank loan and cash reserves will provide the necessary funds if fundraising comes up short of goal.

**RESPONSE:** As noted in the letter from the Applicant's CEO enclosed as Attachment 12(a), the bank loan and cash reserves will provide the necessary funds. The Applicant plans to fund the project from its fundraising cash deposits and draw from the construction loan as needed while remaining pledged amounts come in. The capital campaign has not yet been made public and the Applicant currently stands at 100 percent of the goal for the SNF and close to 20 percent for the rest of the project. If fundraising



stalls, the other projects will, at worst case, be delayed, but the SNF construction will proceed. The bank loan will be repaid as the annual funds from the Christy-Houston Foundation are received.

The applicant mentions 26,600 SF of additional renovation will occur on campus. Please clarify if this project will share the applicant's cash reserves or will be funded by another source.

**RESPONSE:** As noted above, more than \$2 million is already dedicated specifically to the SNF. This project is the Applicant's top priority. Additional funding, as it is collected, will go toward other expansions that are not subject to CON review.

### 13. Section C, Economic Feasibility, Item 3

The construction quartiles of 2010-2012 are noted. However, please revise and resubmit replacement pages for pages 34-35 that reflect 2011-2013 construction quartile charts as shown below.

#### Nursing Home Construction Cost Per Square Foot

Years: 2011 – 2013

	Renovated Construction	New Construction	Total Construction
1 <sup>st</sup> Quartile	\$25.00/sq. ft.	\$152.80/sq. ft.	\$94.55/sq. ft.
Median	\$55.00/sq. ft.	\$167.31/sq. ft.	\$152.80/sq. ft.
3 <sup>rd</sup> Quartile	\$101.00/sq. ft.	\$176.00/sq. ft.	\$167.61/sq. ft.

Source: CON approved applications for years 2011 through 2013

**RESPONSE:** Please find enclosed as Attachment 13 the requested replacement pages 34 and 35 to reflect the 2011-2013 construction quartile charts provided.

### 14. Section C, Economic Feasibility, Item 4. (Projected Data Chart)

Your response to this item is noted. Please submit a revised Projected Data Chart that indicates patient days as the utilization data.

**RESPONSE:** Please see enclosed as Attachment 14 the revised Projected Data Chart as requested.

Please clarify the reason there are management fees of \$2,814 in Year One and Year Two.

**RESPONSE:** These fees are more appropriately categorized as consultant's fees instead of management fees. These amounts are set aside as contingencies and may or may not be necessary.

Please complete the following chart for Other Expenses:

**RESPONSE:** Please see below the completed chart.

**PROJECTED DATA CHART-OTHER EXPENSES**

<b><u>OTHER EXPENSES CATEGORIES</u></b>	<b>Year 2017</b>	<b>Year 2018</b>
1. Central supply	\$804	\$804
2. Dietary	\$172,167	\$178,544
3. Pharmacy	\$213,999	\$234,097
4. Activities	\$1,182	\$2,804
5. Housekeeping	\$79,333	\$82,271
6. Laundry	\$5,813	\$8,001
7. Social Services	\$1,282	\$1,282
8. Plant Operations	\$63,624	\$100,197
9. Administration	\$23,382	\$34,871
10. Medical Records	\$78,243	\$117,949
<b>Total Other Expenses</b>	<b>\$639,829</b>	<b>\$760,820</b>

**15. Section C, Economic Feasibility, Item 9**

Please complete the following chart for the first year of operation

**RESPONSE:** Please see the completed chart below.

Payor	Gross Revenue	% of Total Revenues
Medicare	\$2,782,384.60	74.1%
Medicaid/TennCare	\$0	0.0%
Commercial insurance	\$0	0.0%
Self-Pay	\$972,520.40	25.9%
Total	\$3,754,905.00	100.0%

**16. Section C, Orderly Development, Item 3.**

It appears that this campus currently accommodates 100 ACLF residents, an unknown number of "independent" residents and adult day care participants, and is proposed to accommodate an additional 24 dementia care residents and 30 SNF residents.

Please explain the administrative relationship between the proposed facilities (skilled nursing facility and dementia care unit) and the existing ACLF, independent living apartments, adult day care, clinical and therapy services. Is each unit administered separately with all reporting to one CEO or will all be administered by a licensed Tennessee Nursing Home Administrator. If all facilities are to be managed by one administrator, will waivers be required?

**RESPONSE:** As previously noted, the Applicant is licensed for 100 assisted living residents but actually has only 80 assisted living units. Ten or twelve of these units will

be eliminated when the existing memory care unit is vacated for renovation and replaced by the 24-bed memory care unit, so the bed count will increase to 94 at the most. The Applicant has 30 independent apartments, all occupied and a few with couples, for a total of 36 independent residents presently. The adult day care license is for 8, but the program usually only has two or three individuals at a time.

The Applicant will hire a licensed nursing home administrator to manage the SNF unit and rehab unit. There is a separate administrator of the ACLF unit, Assured Care Center (dementia care unit), independent living apartments, and adult day care program. Both the nursing home administrator and the assisted living administrator report to the Applicant's CEO. No waivers will be required as a result of this management structure.

#### 17. Section C, Orderly Development, Item 7.c. and 7.d

The copy of the license for Stones River Manor, Inc. (Assisted Care Living Facility) is out of date. Please submit a copy of a current license.

**RESPONSE:** Please see a copy of the current ACLF License enclosed as Attachment 17(a).

Please provide a copy of the latest licensure survey and accepted plan of action for Stone River Manor, Inc. (Assisted Care Living Facility).

**RESPONSE:** Please see enclosed as Attachment 17(b) a copy of the most recent licensure survey and accepted plan of correction for the ACLF.

#### 18. Section C, Orderly Development, Item 8 and 9

The applicant responded "not applicable". Please clarify.

**RESPONSE:** Neither Applicant or any entities or persons with more than a 5% ownership interest in the Applicant have had final orders or judgments entered against them in any state or country by a licensing agency or court against professional licenses. In addition, there have been no final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

#### 19. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

**RESPONSE:** Please see the enclosed newspaper page, including mast and dateline, as well as a publication affidavit from the Daily News Journal included as Attachment 19.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is August 17, 2015. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and

requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart  
HSD Examiner

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DavidsonNAME OF FACILITY: Stones River Manor, Inc.

I, Kirkland Mason, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Kirkland Mason  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25<sup>th</sup> day of June, 2015,  
witness my hand at office in the County of Davidson, State of Tennessee.

Brenda Covington  
NOTARY PUBLIC

My commission expires July 2, 2018.

HF-0043

Revised 7/02



ATTACHMENT 1

Replacement Page 11 with Revised Bed Complement Data Chart

9. **Bed Complement Data**

*Please indicate current and proposed distribution and certification of facility beds.*

	Current Beds Licensed *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____
O. Nursing Facility Level 2	_____	_____	30	30
P. ICF/MR	_____	_____	_____	_____
Q. Adult Chemical Dependency (Detox)	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____
<b>TOTAL</b>			<b>30</b>	<b>30</b>

\*CON-Beds approved but not yet in service

10. **Medicare Provider Number** Will apply for  
**Certification Type** Skilled Nursing Facility

11. **Medicaid Provider Number** Medicaid Certification not currently anticipated  
**Certification Type** \_\_\_\_\_

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid? Yes**

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organization (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes. If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.**

ATTACHMENT 2  
Dementia Care Plan and Checklist



**PAGE 2    LEVEL IV CARE PLAN FOR STONES RIVER MANOR  
ORDERS FOR RESIDENT**

- 1 ASSESSMENT / OBSERVATION OF OVERALL CONDITION OF RESIDENT, MENTAL, PHYSICAL, AND SOCIAL
- 2 PROVIDE MEALS AND MONITORING AND REPORT ANY ABNORMAL FINDINGS TO FAMILY / PHYSICIAN
- 3 PROVIDE SOCIAL ACTIVITIES WITH MONITORING AND REPORT ANY ABNORMAL FINDINGS TO FAMILY
- 4 PROVIDE ASSESSMENT / OBSERVATION OF HYGIENE AND REPORT ANY ABNORMAL FINDINGS TO FAMILY / PHYSICIAN
- 5 PROVIDE ASSESSMENT / OBSERVATION LAUNDRY AND HOUSEKEEPING AND REPORT ABNORMAL FINDINGS TO FAMILY
- 6 PROVIDE ROUTINE VITAL SIGNS AND NURSING ASSESSMENTS TO DETERMINE HEALTH AND WELL BEING OF ALL RESIDENTS
- 7 PROVIDE MEDICATION ASSISTANCE BY RESIDENT ASSISTANT WITH SELF ADMINISTRATION OF MEDICATION OR WITH NURSE ADMINISTRATION OF MEDICATION AS DESCRIBED IN SRM POLICY MANUAL ACCORDING TO STATE CODE 1200-08-25-07 AND REPORT ANY ABNORMAL FINDINGS TO FAMILY / PHYSICIAN
- 8 PROVIDE BATH ASSISTANCE THREE TIMES A WEEK
- 9 PROVIDE DRESSING AND UNDRESSING ASSISTANCE
- 10 PROVIDE PROMPTING AND CUEING TO MEALS, ACTIVITIES AND BEAUTY SHOP
- 11 PROVIDE INCONTINENT CARE
- 12 PROVIDE A SECURED AREA THAT INSURES RESIDENT SAFETY AND WELL BEING
- 13 PROVIDES PERSONAL CARE ASSISTANCE IN ALL ASPECTS OF DAILY LIVING ROUTINE AS NEEDED
- 14 MAINTAIN A CURRENT MEDICAL HISTORY. NURSES NOTES WILL BE KEPT IN SRM COMPUTER SYSTEM TO BE UPDATED AND AVAILABLE AS NEEDED.

**PAGE 3      LEVEL IV CARE PLAN GOALS FOR RESIDENTS**

- 1 TO REMAIN INDEPENDENT AS POSSIBLE WITHOUT HAVING TO INCREASE  
LEVEL OF CARE
- 2 TO REMAIN MENTALLY, SOCIALLY AND PHYSICALLY STABLE
- 3 TO REMAIN AT STONES RIVER MANOR AS LONG AS RESIDENT MEETS ALL  
STATE GUIDELINES
- 4 RECOGNIZE WHEN RESIDENT NEEDS A HIGHER LEVEL OF CARE WITH MORE  
ASSISTANCE NEEDED AND ACCOMMODATE FAMILIES WITH TRANSITION TO  
LONG TERM CARE

---

PAM ROE / DON / HCM

---

POA

## LEVEL IV CARE PLAN FOR STONES RIVER MANOR

RESIDENT NAME: \_\_\_\_\_

DATE OF ADMISSION: \_\_\_\_\_

DATE OF BIRTH: \_\_\_\_\_

SEX: MALE FEMALE

DIAGNOSIS: SEE PHYSICIAN ORDER SHEET FOR CURRENT MEDICATIONS AND  
PERTINENT INFORMATION

## FUNCTIONAL LIMITATIONS:

- 1 \_\_\_\_\_ AMBULATION
- 2 \_\_\_\_\_ HEARING / HEARING AIDS
- 3 \_\_\_\_\_ SPEECH
- 4 \_\_\_\_\_ LEGALLY BLIND / IMPAIRED
- 5 \_\_\_\_\_ BOWEL / BLADDER (INCONTINENCE)
- 6 \_\_\_\_\_ DENTURES

## ACTIVITIES PERMITTED;

- 1 \_\_\_\_\_ UP AS TOLERATED
- 2 \_\_\_\_\_ EXERCISE PRESCRIBED
- 3 \_\_\_\_\_ CANE
- 4 \_\_\_\_\_ WALKER
- 5 \_\_\_\_\_ WHEELCHAIR

## MENTAL STATUS;

- 1 \_\_\_\_\_ ORIENTED
- 2 \_\_\_\_\_ FORGETFUL
- 3 \_\_\_\_\_ DISORIENTED
- 4 \_\_\_\_\_ DEPRESSED

## PROGNOSIS:

- 1 \_\_\_\_\_ FAIR
- 2 \_\_\_\_\_ GOOD
- 3 \_\_\_\_\_ EXCELLENT

## SEE EVAC MANUAL

## EVACUATION ABILITY 13 MINUTES OR LESS:

- 1 \_\_\_\_\_ SLOW, BUT LESS THAN 13 MINUTES
- 2 \_\_\_\_\_ PROMPT, BUT NEEDS DIRECTION
- 3 \_\_\_\_\_ CAN EVACUATE SELF
- 4 \_\_\_\_\_ NEEDS OXYGEN

SHIFT REPORT DAILY, EACH SHIFT:

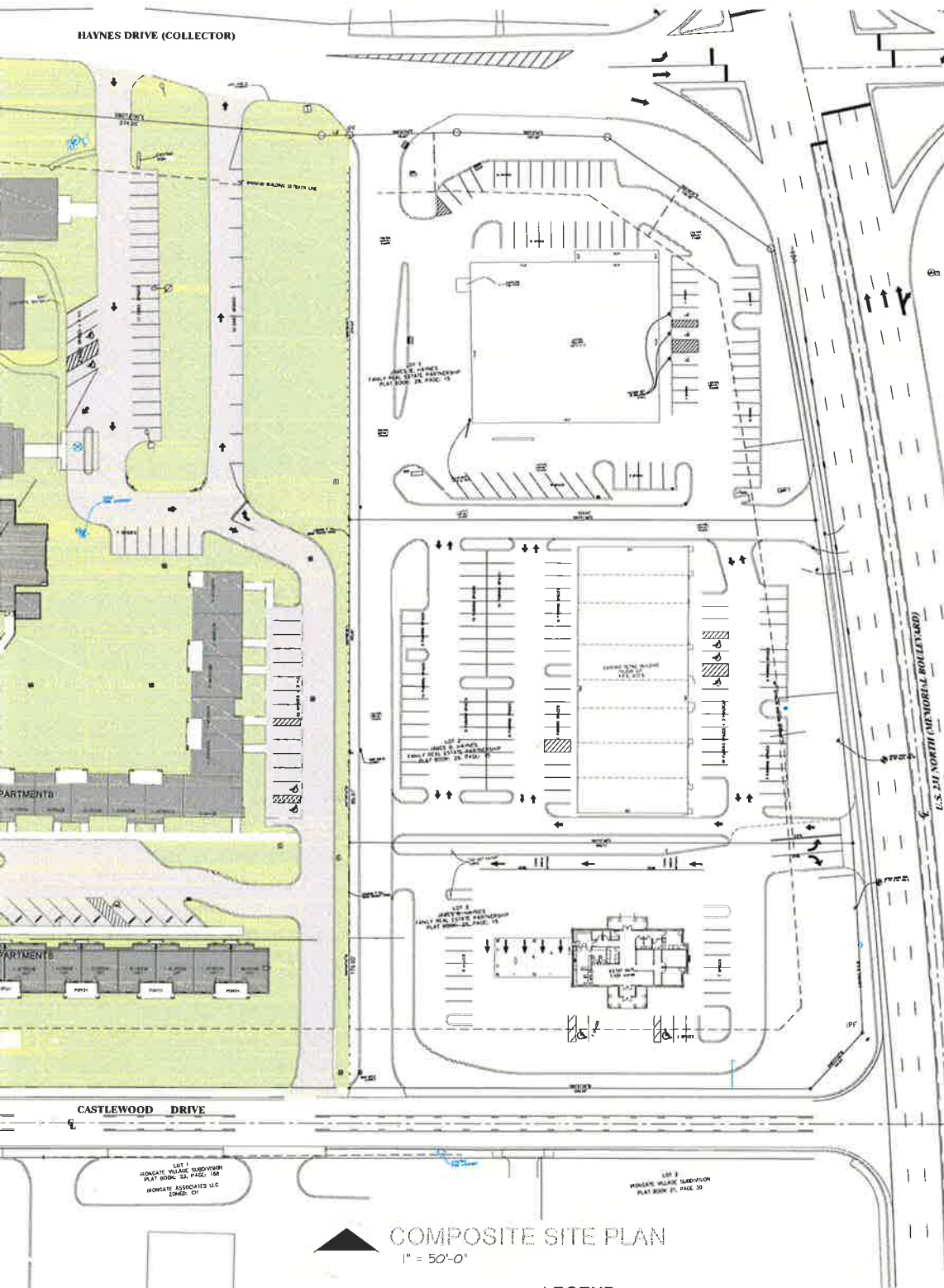
SRM OR POA WILL PROVIDE TRANSPORTATION TO ALL HEALTH  
CARE PROVIDERS.

ATTACHMENT 3

Revised Square Footage Costs per Square Footage Chart



ATTACHMENT 4  
Enlarged Plot Plan



COMPOSITE SITE PLAN  
1" = 50'-0"

LEGEND

(A)	CONNECTOR LINKS	1,200 SF
(B)	OFFICE AREA	1,600 SF
(C)	DINING	2,600 SF
(D)	WARMING KITCHEN	330 SF
(E)	ACTIVITY	1,200 SF
(F)	PHYSICAL THERAPY	1,800 SF
(G)	NURSE STA / SUPPORT	1,100 SF
(H)	24 BED DEMENTIA	6,585 SF
(I)	24 BED SKILLED CARE	6,585 SF
(J)	SHARED COURT YARD	6,700 SF
(K)	CAFE / MAIN STREET	1,200 SF
(L)	PUBLIC CIRCULATION	2,400 SF

TOTAL AREA = 26,600 SF



**ADG**  
Adrian Design Group, PLC  
126 E. Church Street - Adrian, MI 49221  
ph. (517) 265-2700  
www.adriandesigngroup.com

**Stones River Manor**  
Facility Master Plan Study

205 Haynes Drive - Murfreesboro, TN 37129

Composite Site Lay-out

ISSUED:	
DATE	ISSUED FOR
2-16-12	Review
2-21-12	OWNER REVIEW
REVISIONS:	
NO.	DATE
11-20-13	Revised Concept
CONTRACT NO.	
PROJECT TITLE	
SHEET TITLE	
PROJECT NUMBER	
12.004	
DATE	SCALE
2-16-2012	1" = 50'-0"
DRAWN BY	SHEET NUMBER
Mike Nicklowitz	SP-A1
ARCH/ENGR	
M. Nicklowitz	



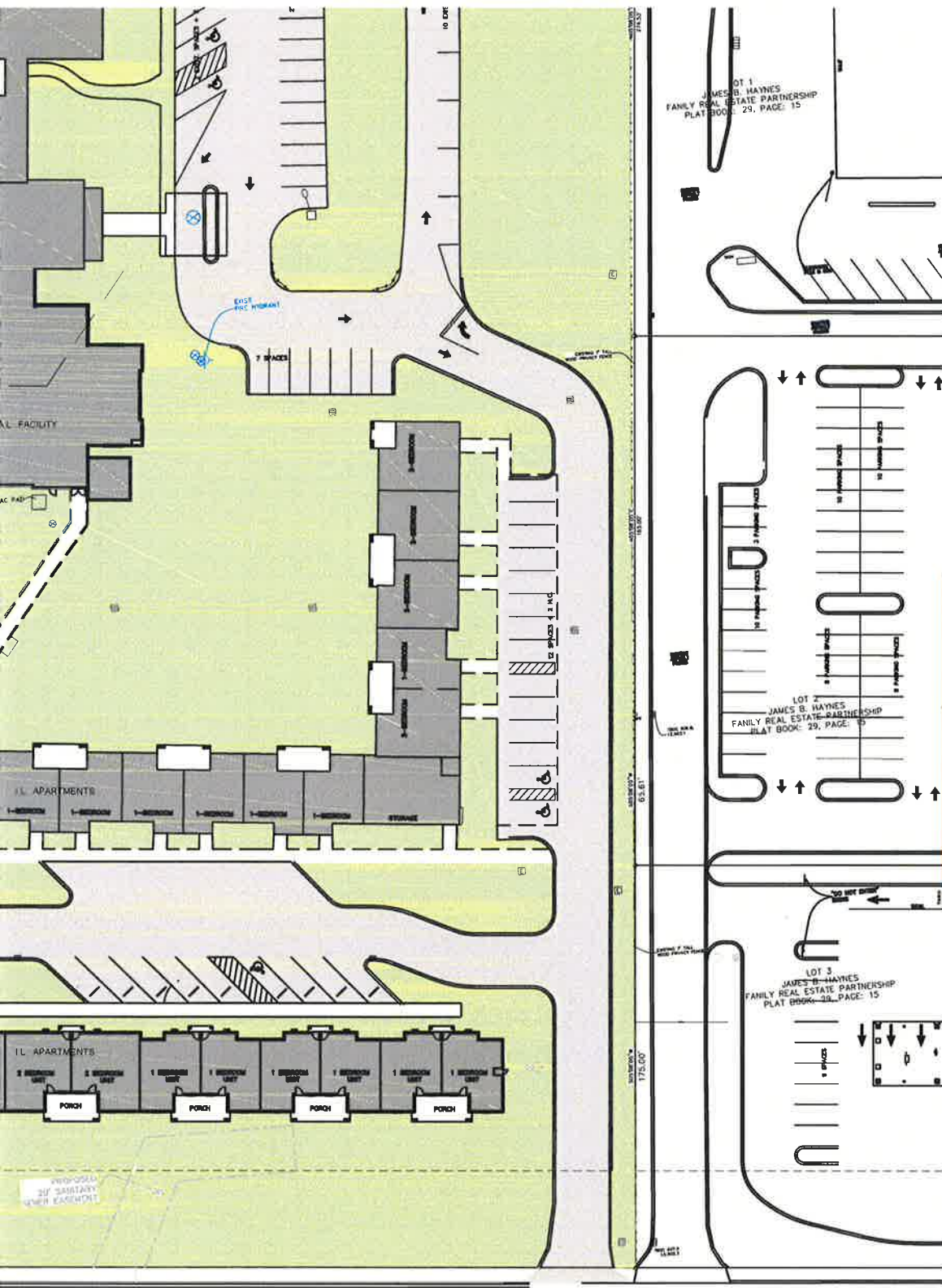
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SUPPLEMENT





**PARTIAL SITE PLAN**  
1" = 30'-0"

LEGEND	
(A)	CONNECTOR LINKS 1,200 SF
(B)	OFFICE AREA 1,600 SF
(C)	DINING 2,600 SF
(D)	WARMING KITCHEN 330 SF
(E)	ACTIVITY 1,200 SF
(F)	PHYSICAL THERAPY 1,800 SF
(G)	NURSE STA /SUPPORT 1,100 SF
(H)	24 BED DEMENTIA 6,585 SF
(I)	24 BED SKILLED CARE 6,585 SF
(J)	SHARED COURT YARD
(K)	CAFE / MAIN STREET 1,200 SF
(L)	PUBLIC CIRCULATION 2,400 SF

6,700 SF

TOTAL AREA = 26,600 SF



ISSUED:	
DATE	ISSUED FOR
2-16-12	Review
2-21-12	OWNER REVIEW
REVISIONS:	
NO.	DATE
1	11-20-13
ISSUED FOR	
REVISED CONCEPT	
CONSULTANT	
<p><b>Adrian Design Group, PLC</b> 126 E. Church Street - Adrian, MI 49221 ph. (517) 265-2700 www.adriandesigngroup.com</p>	
<p><b>Stones River Manor</b> Facility Master Plan Study 205 Haynes Drive - Murfreesboro, TN 37129</p>	
<p><b>Partial Site Plan</b></p>	
<p>PROJECT TITLE</p>	
<p>DATE</p>	
<p>SCALE</p>	
<p>1" = 30'-0"</p>	
<p>DRAWN BY</p>	
<p>Mike Nicklowitz</p>	
<p>ARCH/ENGR</p>	
<p>M. Nicklowitz</p>	
<p>PROJECT NUMBER</p>	
<p>12.004</p>	
<p>SHEET NUMBER</p>	
<p>SP-A2</p>	

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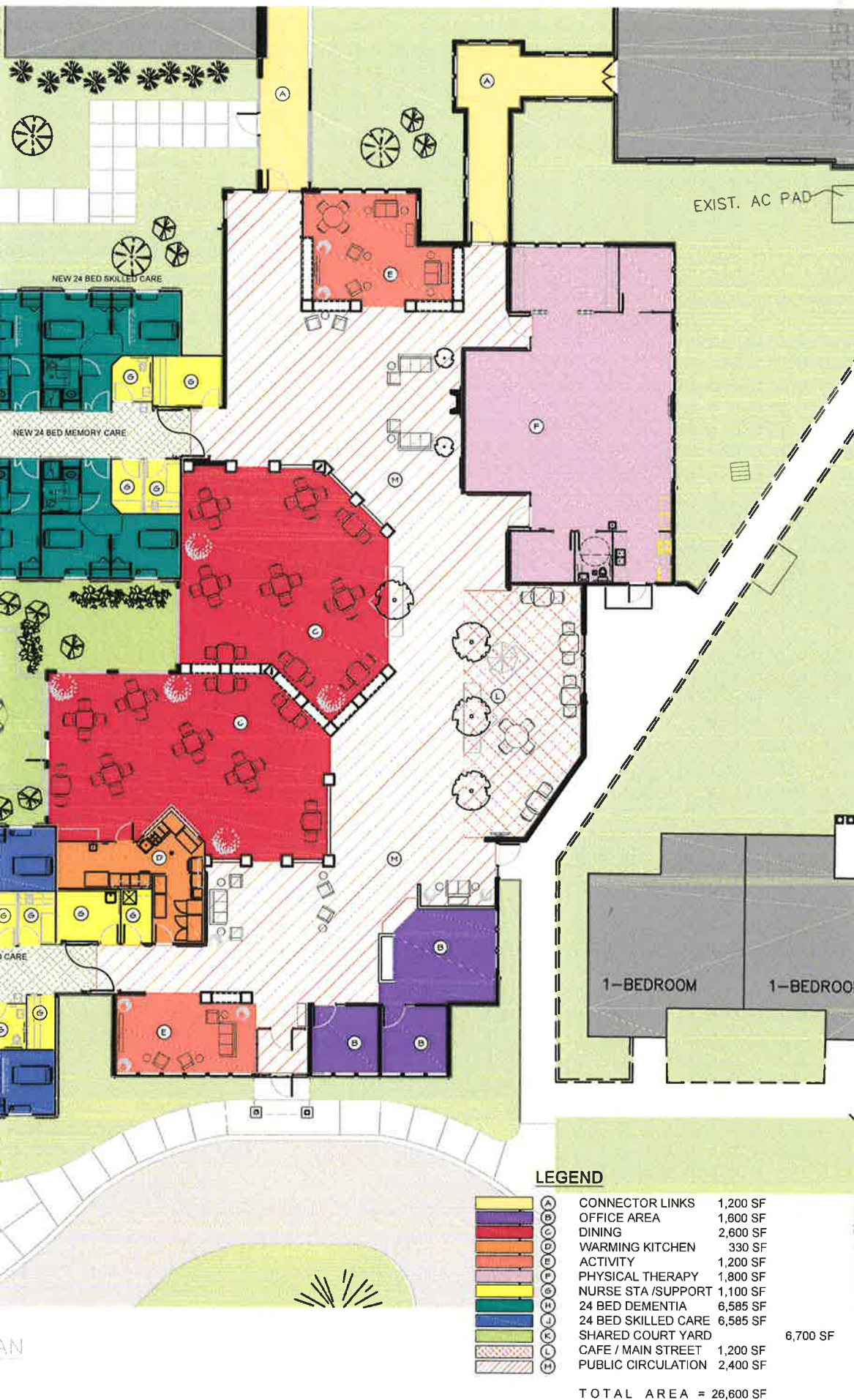


SUPPLEMENTAL



ATTACHMENT 5  
Enlarged Floor Plan with Notations

SUPPLEMENTAL



LEGEND

	CONNECTOR LINKS	1,200 SF
	OFFICE AREA	1,600 SF
	DINING	2,600 SF
	WARMING KITCHEN	330 SF
	ACTIVITY	1,200 SF
	PHYSICAL THERAPY	1,800 SF
	NURSE STA /SUPPORT	1,100 SF
	24 BED DEMENTIA	6,585 SF
	24 BED SKILLED CARE	6,585 SF
	SHARED COURTYARD	
	CAFE / MAIN STREET	1,200 SF
	PUBLIC CIRCULATION	2,400 SF
TOTAL AREA = 26,600 SF		

6,700 SF

ISSUED:	
DATE	ISSUED FOR
2-16-12	Review
2-21-12	OWNER REVIEW

REVISIONS:		
NO.	DATE	ISSUED FOR
11-20-13		REVISED CONCEPT

CONSULTANT

**ADG**  
Adrian Design Group, LLC  
126 E. Church Street - Adrian, MI 49221  
ph. (517) 265-2700  
www.adriandesigngroup.com

PROJECT TITLE	Stones River Manor Facility Master Plan Study 205 Haynes Drive - Murfreesboro, TN 37129
SHEET TITLE	Composite Floor Plan

PROJECT NUMBER	12.004
DATE	2-16-2012
SCALE	1/8" = 1'-0"
DRAWN BY	Mike Nicklowitz
ARCH/ENGR.	M. Nicklowitz
SHEET NUMBER	SP-A3

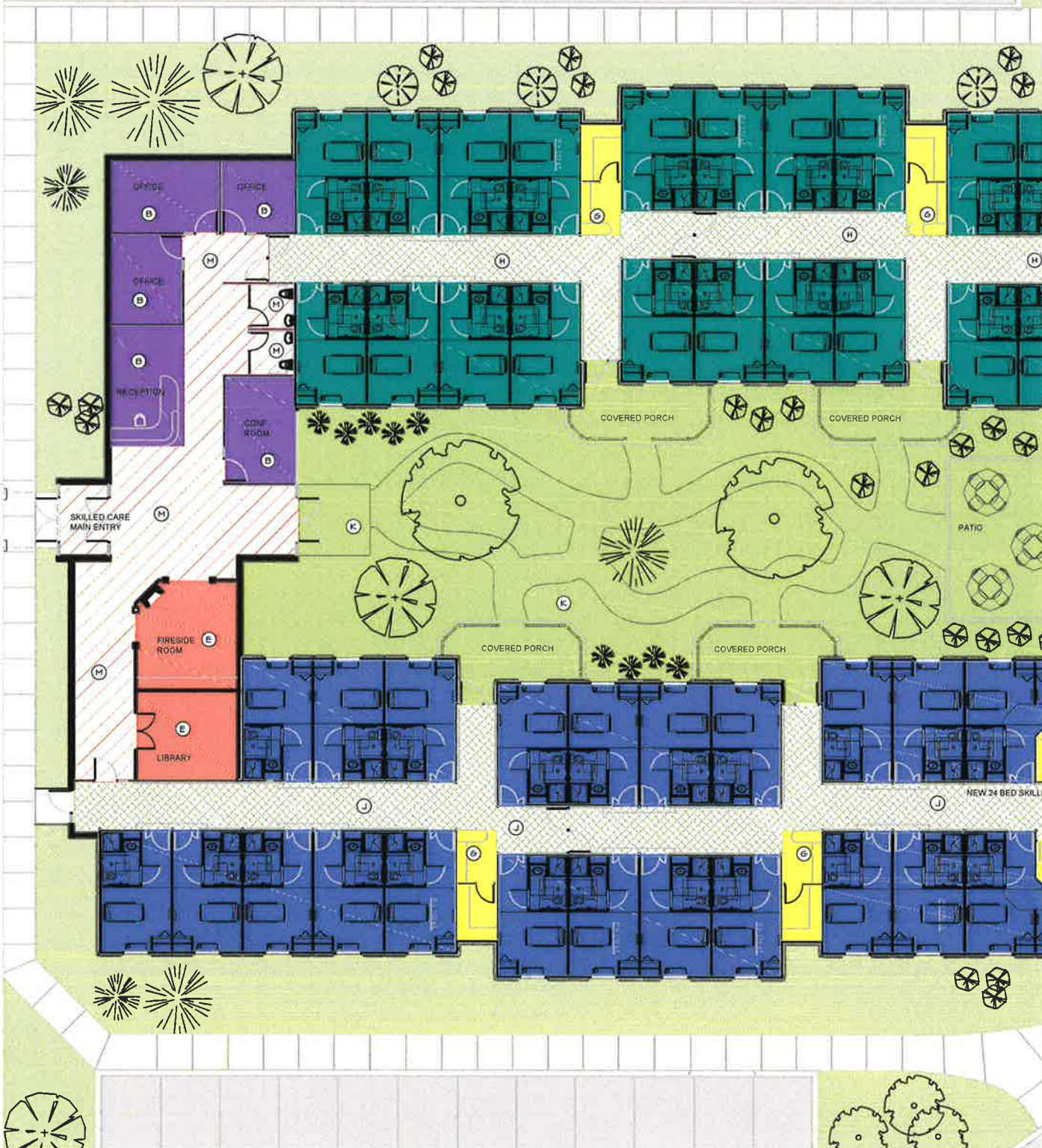


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JUN 25 '15 15:43:55

SUPPLEMENTAL

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FLOOR PL  
3/32" = 1'-0"

ATTACHMENT 11  
Revised Project Costs Chart

# PROJECT COSTS CHART

A. Construction and equipment acquired by purchase	
1. Architectural and Engineering Fees	\$171,000
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$30,000
3. Acquisition of Site	
4. Preparation of Site	
5. Construction Costs	\$2,300,000
6. Contingency Fund	\$72,000
7. Fixed Equipment (Not included in Construction Contract)	\$150,000
8. Moveable Equipment (List all equipment over \$56,000)	
9. Other (Specify) _____	
B. Acquisition by gift, donation, or lease: Not Applicable.	
1. Facility (inclusive of building and land)	
2. Building only	
3. Land only	
4. Equipment (Specify) _____	
5. Other (Specify) _____	
C. Financing Costs and Fees: Not Applicable.	
1. Interim Financing	
2. Underwriting Costs	
3. Reserve of One Year's Debt Service	
4. Other (specify) _____	
D. Estimated Project Cost (A+B+C+)	\$2,723,000
E. CON Filing Fee	\$6,126.75
F. Total Estimated Project Cost (D+E)	\$2,729,126.75
<b>TOTAL</b>	<b>\$2,729,126.75</b>

ATTACHMENT 12(a)  
Letter from Applicant's CEO



## STONES RIVER MANOR

*A Christian Not-for-Profit Senior Living Community*

205 Haynes Drive

Murfreesboro, TN 37129

Tel. 615/893-5617 Fax 615/895-0711

25 June 2015

Mr. Phillip Earhart  
Health Services and Development Agency  
161 Rosa Parks Boulevard, 3<sup>rd</sup> Floor  
Nashville, TN 37243

Re: Certificate of Need Application CN1506-026 – Stones River Manor, Inc.

Dear Mr. Earhart:

Please allow this letter to serve as confirmation that Stones River Manor, Inc. has \$1.1 million in cash, designated specifically for the development of the skilled nursing facility ("SNF") that is the subject of the above-referenced CON application. The Christy-Houston Foundation has pledged another \$1 million, also dedicated solely to the SNF, as detailed in the letter included with the responses to your requests. Another \$600,000 has already been pledged. Our plan is to fund the project from these cash deposits and draw from the construction loan as needed while remaining pledged amounts and payments from the Christy-Houston Foundation come in.

Sincerely,

**Stones River Manor, Inc.**

Kirkland A. Mason  
Chief Executive Officer  
*KirklandAMason@comcast.net*

ATTACHMENT 12(b)  
Christy-Houston Foundation Pledge



*Christy-Houston Foundation*

1296 Dow Street  
Murfreesboro, TN 37130

Phone 615-898-1140  
Fax 615-895-9524

June 18, 2015

Kirk Mason, CEO  
Stones River Manor  
205 Haynes Drive  
Murfreesboro, TN 37129

Dear Kirk,

I am pleased to inform you that the Directors at their monthly meeting held Wednesday, June 17 voted to award a grant in the amount of \$1,000,000.00 for the capital campaign for an additional facility for skilled nursing.

This grant will be disbursed over four years at \$250,000.00 a year, contingent upon receiving the Certificate of Need and the first installment given at groundbreaking.

Enclosed is a Grant Terms and Condition Contract for your signature. Please send this back to the Foundation as soon as possible.

The Board was delighted to help with this much needed project.

Sincerely,

THE CHRISTY-HOUSTON FOUNDATION

Robert B. Mifflin  
President

RBM/dlt

Enclosure

ATTACHMENT 13

Replacement Pages 34 and 35 to Reflect 2011-2013 Construction Quartile Charts

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☒ A Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☒ F Other—Identify and document funding from all other sources.

**RESPONSE:** The source of funding for the proposed project will be a combination of a commercial loan, donations, and cash reserves. Please see Attachment Section C: Economic Feasibility – 2 for documentation from the commercial lender confirming the terms of a proposed loan and the Applicant's cash reserves.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**RESPONSE:** The total estimated project cost is \$2,729,126.75. Construction costs are \$2,300,000 or 84.3 percent of total cost. The construction cost is \$141.84 per square foot. As reflected in the table below, the new construction cost is well below the 1<sup>st</sup> quartile of \$152.80 per square foot for statewide nursing home construction projects from 2011 to 2013.

**Nursing Home Construction Costs Per Square Foot  
Years: 2011 - 2013**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$25.00/sq. ft.	\$152.80/sq. ft.	\$94.55/sq. ft.
<b>Median</b>	\$55.00/sq. ft.	\$167.31/sq. ft.	\$152.80/sq. ft.
<b>3<sup>rd</sup> Quartile</b>	\$101.00/sq. ft.	\$176.00/sq. ft.	\$167.61/sq. ft.

*Source: CON approved applications for years 2011 through 2013*

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

**RESPONSE:** Please see Attachment C. Economic Feasibility – 4. Historical and Projected Data Charts.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

**RESPONSE:** The project's average gross charge, average deduction from operating revenue, and average net charge are as follows:

	<b>2017</b>	<b>2018</b>
<b>Average Gross Charge</b>	\$10,276	\$11,018
<b>Average Deduction</b>	\$7,319	\$7,746
<b>Average Net Charge</b>	\$2,957	\$3,272

6. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

**RESPONSE:** Below is a chart that reflects the proposed charge schedules for the project.

ATTACHMENT 14  
Revised Projected Data Chart

## PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	Year <u>2017</u>	Year <u>2018</u>
A. Utilization Data (Specify unit of measure) Patient days	<u>9,855</u>	<u>10,220</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$ 3,754,905</u>	<u>\$ 4,026,133</u>
2. Outpatient Services	<u>                    </u>	<u>                    </u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) <u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<b><u>\$ 3,754,905</u></b>	<b><u>\$ 4,026,133</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$</u>	<u>\$</u>
2. Provision for Charity Care	<u>\$ 180,000</u>	<u>\$ 180,000</u>
3. Provisions for Bad Debt	<u>\$ 25,000</u>	<u>\$ 25,000</u>
<b>Total Deductions</b>	<b><u>\$ 205,000</u></b>	<b><u>\$ 205,000</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$ 3,549,905</u></b>	<b><u>\$ 3,821,133</u></b>
D. Operating Expenses		
1. Salaries and Wages	<u>\$ 1,358,131</u>	<u>\$ 1,385,294</u>
2. Physician's Salaries and Wages	<u>\$ 12,000</u>	<u>\$ 12,000</u>
3. Supplies	<u>\$ 48,330</u>	<u>\$ 49,296</u>
4. Taxes	<u>\$ 323,261</u>	<u>\$ 329,726</u>
5. Depreciation	<u>\$ 149,000</u>	<u>\$ 149,000</u>
6. Rent	<u>\$ 4,584</u>	<u>\$ 4,584</u>
7. Interest, other than Capital	<u>                    </u>	<u>                    </u>
8. Management Fees:		
a. Fees to Affiliates	<u>\$ 2,814</u>	<u>\$ 2,814</u>
b. Fees to Non-Affiliates	<u>                    </u>	<u>                    </u>
9. Other Expenses (Specify) <u>                    </u>	<u>\$ 639,829</u>	<u>\$ 760,820</u>
<b>Total Operating Expenses</b>	<b><u>\$ 2,537,949</u></b>	<b><u>\$ 2,693,534</u></b>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$</u>	<u>\$</u>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ 1,011,956</u></b>	<b><u>\$ 1,127,599</u></b>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$ 133,503</u>	<u>\$ 133,503</u>
2. Interest	<u>\$ 133,503</u>	<u>\$ 133,503</u>
<b>Total Capital Expenditures</b>	<b><u>\$ 267,006</u></b>	<b><u>\$ 267,006</u></b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b><u>\$ 744,950</u></b>	<b><u>\$ 860,593</u></b>



ATTACHMENT 17(a)  
Current ACLF License

# Board for Licensing Health Care Facilities



State of **Tennessee**

License No. ACL0000000142

No. Beds 0100

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*  
STONES RIVER MANOR, INC. *to conduct and*

*maintain an Assisted Care Living Facility* STONES RIVER MANOR, INC.

*Located at* 205 HAYNES DRIVE, MURFREESBORO

*County of* RUTHERFORD, *Tennessee.*

*This license shall expire* JUNE 17, 2016 *and is subject*  
*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,*  
*and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the*  
*laws of the State of Tennessee or the rules and regulations of the State Department*  
*of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State*

*this* 4TH day of MAY, 2015.



By James J. Davis, MPH  
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By [Signature]  
COMMISSIONER

SUPPLEMENTAL

ATTACHMENT 17(b)

Copy of Most Recent Licensure Survey and Accepted Plan of Correction for ACLF



STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
7175 STRAWBERRY PLAINS PIKE, SUITE 103  
KNOXVILLE, TN 37914

October 28, 2014

Mr. Kirk Maron, Administrator  
Stones River Manor, Inc.  
205 Haynes Drive  
Murfreesboro, TN 37139

License: 142

Dear Mr. Maron:

The East Tennessee Regional Office of Health Care Facilities conducted a licensure survey and complaint investigation on July 28 - 29, 2014. A Health desk review of your plan of correction for the deficiencies cited as a result of the survey was conducted on September 15, 2014. Fire Safety on-site visit was conducted on October 3, 2014. Based on the reviews, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of August 25, 2014.

If you should have any questions, please contact the East Tennessee Regional Office at (865) 594-9396.

Sincerely,

Karen B. Kirby, R.N.  
Regional Administrator  
East TN Health Care Facilities

KBK:cvb

TN00032615

**STONES RIVER MANOR, INC.**  
*A Christian Not-for-Profit Senior Living Community*  
205 Haynes Drive  
Murfreesboro, TN 37129  
Tel. 615/893-5617 Fax 615/895-0711

Date: 25 August 2014

To: State of Tennessee  
Department of Health  
Office of Health Licensure & Regulation  
East Tennessee Region  
7175 Strawberry Plains Pike, Suite 103  
Knoxville, Tennessee 37914

Attention: Karen B. Kirby, R.N., Regional Administrator  
East Tennessee Health Care Facilities

From: Kirkland A. Mason, Administrator & CEO

Re: TNPL537142

Pages: 1 of 12

Dear Ms. Kirby:

Attached is our Statement of Deficiencies and Plan of Correction for the survey completed on 07/29/2014. We have addressed each of the items cited and have completed all but item #D1035 and D1607. Item #D1035, sprinkler gauge calibration, is scheduled for Thursday, August 28, 2014 with Mid-State Sprinkler Company and, by contractual agreement, will be perpetuated to insure ongoing compliance. Drill procedures for Bomb Threat, Severe Cold Weather, Severe Hot Weather and Earthquake have been drafted and will be conducted between August 28<sup>th</sup> and September 5<sup>th</sup>, 2014 in compliance with the September 12<sup>th</sup> date set forth.

I have also attached copies of your two-page cover letter for your convenience and reference.

Respectfully submitted,  
**Stones River Manor, Inc.**



Kirkland A. Mason  
Administrator & CEO

*The Active Demonstration of the Christian Concern for the Care of the Elderly*



SUPPLEMENTAL

STATE OF TENNESSEE  
DEPARTMENT OF HEALTH  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
7175 Strawberry Plains Pike, Ste 103  
Knoxville TN 37914  
Phone: 865-594-9396 Fax: 865-594-2168

August 15, 2014

Mr. Kirk Maron, Administrator  
Stones River Manor  
205 Haynes Drive  
Murfreesboro TN 37129

RE: TNPL537142

Dear Mr. Maron:

Enclosed is a Statement of Deficiencies which was developed as a result of the annual State licensure survey and complaint investigation conducted at Stones River Manor on July 28-29, 2014. According to the Standards for Assisted-Care Living Facilities, 1200-08-25-.05(2), you are required to submit an acceptable Plan of Correction (POC) in response to the Statement of Deficiencies. We are requesting that corrective action of the cited deficiencies be achieved no later than **September 12, 2014**, the 45th day from the date of the survey. A revisit may be conducted to verify compliance. Failure to provide an acceptable plan of correction could result in a referral to the Board of Licensing Health Care Facilities for whatever action they deem appropriate.

Please develop a Plan of Correction for the deficiencies cited and return by **August 25, 2014**.

Your POC must contain the following:

How the deficiency will be corrected.

The date upon which each deficiency will be corrected.

Mr. Kirk Maron  
August 15, 2014  
Page 2

What measures or systemic changes will be put in place to ensure that the deficient practice does not recur.

How the corrective action will be monitored to ensure that the deficient practice does not recur.

**Please put your Plan of Correction on the Statement of Deficiencies form in the "Provider's Plan of Correction" column. In the "Completion Date" column of the form, list the date corrective actions have been or will be completed. Please make sure the administrator's signature and date are on the bottom line of the Statement of Deficiencies/Plan of Correction State Form.**

Should you have any questions or if there is any way this office may be of assistance, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink that reads "Karen B. Kirby". The signature is written in a cursive style with a large initial "K" and a stylized "B".

Karen B. Kirby, RN  
Regional Administrator  
East TN Health Care Facilities

KK: kg

TN00032615

Division of Health Care Facilities

SUPPLEMENTAL

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>TNPL537142</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____  B. WING: _____	(X3) DATE SURVEY COMPLETED  <b>07/29/2014</b>
---	--	--	--

NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE

**STONES RIVER MANOR, INC.**

**205 HAYNES DRIVE  
MURFREESBORO, TN 37129**

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
D 001	1200-08-25 Initial  This Rule is not met as evidenced by: A Licensure survey and complaint investigation (#32615) were completed at Stones River Manor Assisted-Care Living Facility on July 29, 2014. No deficiencies were cited related to the complaint investigation (#32615) under Chapter 1200-08-25, Standards for Assisted-Care Living Facilities.	D 001		
D 612	1200-08-25-.06 (1)(c) Administration  (1) Each ACLF shall meet the following staffing and procedural standards:  (c) An ACLF shall keep a written up-to-date log of all residents that can be produced in the event of an emergency.  This Rule is not met as evidenced by: Based on facility record review and interview, the facility failed to provide an up-to-date Census Log in the event of an emergency.  The findings included:  Facility record review of the Census Log for emergency use provided by and signed and dated on July 28, 2014 at 9:15 a.m. by the Health Care Secretary revealed seventy-one residents were documented as present in the facility on July 28, 2014.  Interview with the Director of Nursing on July 28, 2014 at 10:30 a.m. in the Formal Dining Room confirmed Resident #A was in the hospital and	D 612	<u>D612</u> The census log was reviewed and corrected on 7-28-14. The census log will be reviewed by the healthcare supervisor for each shift daily and verified for accuracy. Each shift supervisor will review the log at the beginning of each shift daily to insure accuracy and update the log as needed throughout each shift. We have added additional check-offs on the resident's treatment sheets to insure ongoing accuracy. Continual documentation in this way will insure there is no recurrence of this deficiency.	KM 8/25 28 July 2014

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

6899

BZH311

If continuation sheet 1 of 5



Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>TNPL537142</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____  B. WING: _____	(X3) DATE SURVEY COMPLETED  <b>07/29/2014</b>
NAME OF PROVIDER OR SUPPLIER  <b>STONES RIVER MANOR, INC.</b>		STREET ADDRESS, CITY, STATE, ZIP CODE <b>205 HAYNES DRIVE MURFREESBORO, TN 37129</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
D 612	Continued From page 1  Resident #B was in a rehabilitation facility and both were not present in the facility. Continued interview confirmed the Census Log for emergency use for July 28, 2014 documented seventy-one residents were present in the facility, including Resident #A and Resident #B. Continued interview confirmed the Census Log for emergency use for July 28, 2014 was not up-to-date, and the number of residents in the facility was sixty-nine and not seventy-one.	D 612		
D 623	1200-08-25-.06 (5)(a) Administration  (5) Infection Control  (a) An ACLF shall ensure that neither a resident nor an employee of the ACLF with a reportable communicable disease shall reside or work in the ACLF unless the ACLF has a written protocol approved by the Board 's administrative office.  This Rule is not met as evidenced by: Based on record review and interview the facility failed to document employees were free of communicable diseases for one employee, Licensed Practical Nurse (LPN) #1, of five employees reviewed.  The findings included:  Facility record review revealed LPN #1's first day of working in the facility was July 28, 2014.  Health record review revealed the facility failed to provide documentation the employee was free from communicable diseases prior to working in the facility.	D 623	<u>D623</u>  SRM has, in the past, conducted TB tests when the employee begins work, with test results being read two days later. We have now put in place a policy that the TB test is performed prior to employee's start date with negative results documented prior to the employee start date. A TB log book will be maintained showing the employee's test date and results. The log book will be continually maintained by the medical records administrative assistant and will be updated on a daily basis to insure there is no recurrence of this deficiency.	8/25  28 July 2014

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>TNPL537142</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____  B. WING: _____	(X3) DATE SURVEY COMPLETED  <b>07/29/2014</b>
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D 623	Continued From page 2  Interview with the Director of Nursing on July 28, 2014 at 5:00 p.m. in the Formal Dining Room confirmed the facility failed to provide documentation LPN #1 was free from communicable diseases.	D 623		
D 917	1200-08-25-.09 (17) Building Standards  (17) The licensed contractor shall not install a system of water supply, plumbing, sewage, garbage or refuse disposal nor materially alter or extend any existing system until the architect or engineer submits complete plans and specifications for the installation, alteration or extension are submitted to the department demonstrating that all applicable codes have been met and the department has granted necessary approval.  (a) Before the ACLF is used, Tennessee Department of Environment and Conservation shall approve the water supply system.  (b) Sewage shall be discharged into a municipal system or approved package system where available; otherwise, the sewage shall be treated and disposed of in a manner of operation approved by the Department of Environment and Conservation and shall comply with existing codes, ordinances and regulations which are enforced by cities, counties or other areas of local political jurisdiction.  (c) Water distribution systems shall be arranged to provide hot water at each hot water outlet at all times. Hot water at shower, bathing and hand washing facilities shall be between 105oF and 115oF.	D 917	<u>D917</u> SRM's boiler system, including the boiler and the tank, have recently been replaced. Water temperatures, as measured throughout the facility, subsequently increased. Adjustments have been made and the temperatures have been repeatedly checked and recorded to establish a consistent temperature reading at all points throughout the facility within the 105 to 115 degree range as required. Measured temperatures and the dates of testing are recorded herein. Temperatures have been consistently maintained as required. In order to insure ongoing compliance, SRM's maintenance department will check water temperatures at various locations throughout the facility and record the results monthly.	

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNPL537142	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____  B. WING: _____		(X3) DATE SURVEY COMPLETED  07/29/2014																																																															
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D 917	Continued From page 3  This Rule is not met as evidenced by: Based on observation and interview, the facility failed to maintain water temperatures between 105 degrees and 115 degrees Fahrenheit (F).  The findings included:  Observation with the Maintenance Director and the Maintenance Employee on July 29, 2014 at 10:26 a.m. revealed the water temperatures in eight of eight residents' rooms were:  Resident Room #5247 - 140 degrees F  Resident Room #5228 - 126 degrees F  Resident Room #5222 - 126 degrees F  Resident Room #5266 - 127 degrees F  Resident Room #5267 - 134 degrees F  Resident Room #5243 - 127 degrees F  Resident Room #5240 - 124 degrees F  Resident Room #5209 - 135 degrees F  Interview with the Maintenance Director and the Maintenance Employee on July 29, 2014 at the time of the observations confirmed the water temperatures in residents' rooms were not	D 917	<u>D917</u> Note: All temperature readings have been rounded up or down to the nearest whole number (ex. 111.3 = 111, 108.6 = 109).  <u>Temperature by Room &amp; Date</u> <table border="1"> <thead> <tr> <th>Rm.#</th> <th>7-31</th> <th>8-1</th> <th>8-2</th> <th>8-4</th> <th>8-25</th> <th></th> </tr> </thead> <tbody> <tr> <td>5247</td> <td>123</td> <td>118</td> <td>115</td> <td>111</td> <td>110</td> <td>8-2-14</td> </tr> <tr> <td>5228</td> <td>115</td> <td>115</td> <td>113</td> <td>112</td> <td>111</td> <td>7-31-14</td> </tr> <tr> <td>5222</td> <td>114</td> <td>114</td> <td>112</td> <td>111</td> <td>110</td> <td>7-31-14</td> </tr> <tr> <td>5266</td> <td>115</td> <td>115</td> <td>111</td> <td>108</td> <td>107</td> <td>7-31-14</td> </tr> <tr> <td>5267</td> <td>120</td> <td>124</td> <td>112</td> <td>114</td> <td>112</td> <td>8-2-14</td> </tr> <tr> <td>5243</td> <td>111</td> <td>114</td> <td>109</td> <td>106</td> <td>108</td> <td>7-31-14</td> </tr> <tr> <td>5240</td> <td>107</td> <td>110</td> <td>110</td> <td>108</td> <td>110</td> <td>7-31-14</td> </tr> <tr> <td>5209</td> <td>118</td> <td>114</td> <td>112</td> <td>109</td> <td>108</td> <td>8-1-14</td> </tr> </tbody> </table>		Rm.#	7-31	8-1	8-2	8-4	8-25		5247	123	118	115	111	110	8-2-14	5228	115	115	113	112	111	7-31-14	5222	114	114	112	111	110	7-31-14	5266	115	115	111	108	107	7-31-14	5267	120	124	112	114	112	8-2-14	5243	111	114	109	106	108	7-31-14	5240	107	110	110	108	110	7-31-14	5209	118	114	112	109	108	8-1-14	8/25
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Division of Health Care Facilities

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NAME OF PROVIDER OR SUPPLIER  <b>STONES RIVER MANOR, INC.</b>		STREET ADDRESS, CITY, STATE, ZIP CODE <b>205 HAYNES DRIVE MURFREESBORO, TN 37129</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
D 917	Continued From page 4  maintained between 105 and 115 degrees F.  Interviews with Resident #C in Room #5247; Resident #D in Room #5228; and Resident #E in Room #5222 at the time of the observations confirmed the residents had never been burned by the water in the room.  Interview with the Director of Nursing on July 29, 2014 at 11:10 a.m. in the Nursing Station area confirmed residents would be assisted in adjusting water temperatures in rooms until the water temperatures were stabilized. Continued interview confirmed there had been no incident reports that documented residents had been burned by water in rooms.	D 917	<u>D917</u>  Interviews with residents in each of the tested rooms confirmed no residents have been burned, plus no complaints of temperatures being too hot or too cold.	

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNPL537142	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 02 - STATE BUILDING  B. WING: _____	(X3) DATE SURVEY COMPLETED  07/28/2014
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

STONES RIVER MANOR, INC.

205 HAYNES DRIVE  
MURFREESBORO, TN 37129

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
D1024	1200-08-25-.10 (5)(c) Life Safety  (5) An ACLF shall take the following precautions regarding electrical equipment to ensure the safety of residents:  (c) Maintain all electrical equipment in good repair and safe operating condition;  This Rule is not met as evidenced by: Based on observations, it was determined the facility failed to maintain the electrical equipment.  The findings included:  Observation on 7/28/14 at 12:57 PM revealed the electrical panels in the storage room accessed through the employee break room had storage of supplies blocking access to the panels.  This finding was verified by the maintenance director during the survey and acknowledged by the administrator during the exit conference on 7/28/14.	D1024	<u>D1024</u>  A three-foot square space in front of the electrical panel has been clearly marked off on the floor and identified to be kept free of materials, allowing full and unobstructed access to the electrical panel. Maintenance personnel will conduct periodic inspections to insure the area is maintained free of obstructions.	7-28-14
D1026	1200-08-25-.10 (5)(e) Life Safety  (5) An ACLF shall take the following precautions regarding electrical equipment to ensure the safety of residents:  (e) Ensure that electrical systems shall not be overloaded;  This Rule is not met as evidenced by: Based on observations, it was determined the facility failed to ensure the electrical system was	D1026		

Division of Health Care Facilities

LABORATORY DIRECTORS OF PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

6899

BZH321

If continuation sheet 1 of 4

*[Signature]*

Administrator/CEO

8/25/14

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNPL537142	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 02 - STATE BUILDING  B. WING: _____	(X3) DATE SURVEY COMPLETED  07/28/2014
NAME OF PROVIDER OR SUPPLIER  STONES RIVER MANOR, INC.		STREET ADDRESS, CITY, STATE, ZIP CODE 205 HAYNES DRIVE MURFREESBORO, TN 37129		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
D1026	Continued From page 1 not overloaded.  The findings included:  1. Observation on 7/28/14 at 12:20 PM revealed back to back power strips in resident rooms 5200 and 5262.  2. Observation on 7/28/14 at 12:50 PM revealed a multi-plug adapter without overload protection was in use in resident room 5258.  These findings were verified by the maintenance director during the survey and acknowledged by the administrator during the exit conference on 7/28/14.	D1026	<u>D1026</u> Back-to-back power strips have been removed from resident rooms 5200 and 5262. Residents and family members have been reminded that back-to-back power strips and strips without surge protection are not permitted. Documentation in SRM resident literature package cites clearly that such apparatus are prohibited. Periodic maintenance room checks will be conducted to insure ongoing compliance.	7-28-14
D1028	1200-08-25-.10 (5)(g) Life Safety  (5) An ACLF shall take the following precautions regarding electrical equipment to ensure the safety of residents:  (g) Prohibit use of extension cords.  This Rule is not met as evidenced by: Based on observations, it was determined the facility failed to prohibit the use of extension cords.  The finding included:  Observation on 7/28/14 at 12:19 PM revealed extension cords in the following resident rooms: 5205, 5227, 5231, 5259, and 5260.  This finding was verified by the maintenance	D1028	<u>D1026</u> Multi-plug adapter without overload protection has been removed from room 5258. Resident & family members have been reminded that multi-plug adapters without overload protection are not permitted. Documentation in SRM resident literature package cites clearly that such apparatus are prohibited. Periodic maintenance room checks will be conducted to insure ongoing compliance.	7-28-14

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>TNPL537142</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING: <b>02 - STATE BUILDING</b>  B. WING _____	(X3) DATE SURVEY COMPLETED  <b>07/28/2014</b>
NAME OF PROVIDER OR SUPPLIER  <b>STONES RIVER MANOR, INC.</b>		STREET ADDRESS, CITY, STATE, ZIP CODE <b>205 HAYNES DRIVE MURFREESBORO, TN 37129</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
D1028	Continued From page 2  director during the survey and acknowledged by the administrator during the exit conference on 7/28/14.	D1028	<u>D1028</u>  Extension cords have been removed From rooms 5205, 5227, 5231, 5259 and 5260. Residents and family members have been reminded that extension cords are not permitted. Documentation in SRM resident literature package cites clearly that such apparatus are prohibited. Periodic maintenance room checks will be conducted to insure ongoing compliance.	7-28-14
D1035	1200-08-25-.10 (8)(a) Life Safety  (8) An ACLF shall ensure that:  (a) The ACLF maintains all safety equipment in good repair and in a safe operating condition;  This Rule is not met as evidenced by: Based on testing, observations, and records review, it was determined the facility failed to maintain the safety equipment.  The findings included:  1. Testing and observation on 7/28/14 at 12:40 PM revealed the emergency lights in the following locations did not function when tested: in corridor next to room 5270, next to room 5247, and in the men's bathroom across from the director of nursing office.  2. Records review on 7/28/14 at 1:35 PM revealed there was no record of a five (5) year sprinkler gauge calibration or replacement had been conducted on the sprinkler systems.  These findings were verified by the maintenance director during the survey and acknowledged by the administrator during the exit conference on 7/28/14.	D1035	<u>D1035</u>  Batteries have been replaced in emergency lights in the corridor next to room 5270, next to room 5247 and in the men's restroom Across from the Director of Nursing's office. Maintenance personnel will record the dates of replacement in the record log and perform ongoing test and inspection of all emergency lights to avoid recurrence of this deficiency.  <u>D1035</u>  Five-year sprinkler gauge calibration is scheduled with Mid-State Sprinkler Company On Thursday, 8-28-14.	7-31-14
D1607	1200-08-25-.16 (2) Disaster Preparedness  (2) An ACLF shall comply with the following:	D1607		8-28-14

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>TNPL537142</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING: <b>02 - STATE BUILDING</b>  B. WING _____	(X3) DATE SURVEY COMPLETED  <b>07/28/2014</b>
NAME OF PROVIDER OR SUPPLIER  <b>STONES RIVER MANOR, INC.</b>		STREET ADDRESS, CITY, STATE, ZIP CODE <b>205 HAYNES DRIVE MURFREESBORO, TN 37129</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
D1607	Continued From page 3  (a) Maintain a detailed log with staff signatures designating training each employee receives regarding disaster preparedness.  (b) Train all employees annually as required in the plans listed above and keep each employee informed with respect to the employee 's duties under the plans.  (c) Exercise each of the plans listed above annually.  This Rule is not met as evidenced by: Based on records review, it was determined the facility failed to exercise the required disaster plans annually.  The finding included:  Records review on 7/28/14 at 1:46 PM revealed the facility failed to conduct the following disaster drills in 2013: Bomb Threat, Severe Cold Weather and Severe Hot Weather, and Earthquake.  This finding was verified by the maintenance director during the survey and acknowledged by the administrator during the exit conference on 7/28/14.	D1607	<u>D1607</u> Disaster drills for Bomb Threat, Severe Cold Weather, Severe Hot Weather and Earthquake are being conducted on 8-28-14, 8-29-14, 9-2-14 and 9-5-14. A detailed log with staff signatures will be maintained and staff training will be conducted under the direction of SRM's Wellness & Safety Officer. Drills will be conducted annually and log will be maintained by the Officer to insure ongoing compliance and that the deficiency does not recur.	8-28-14 8-29-14 9-2-14 9-5-14



SUPPLEMENTAL

ATTACHMENT 19

Publication Affidavit from Daily News Journal

**Requirements and Skills:**

Technology aware - must be able to learn new technical skills / processes, PC skills (Microsoft Word, Excel, etc.) and 10 Key. Knowledge of telemarketing dialer preferred.

Apply Online: <http://bit.ly/1GwwJz6>

EOE: We recognize and appreciate the benefits of diversity in the workplace. People who share this belief or reflect a diverse background are encouraged to apply.

GANETT

TH 000100095

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### NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Stones River Manor, owned by Stones River Manor, Inc., a non-profit corporation, intends to file an application for a Certificate of Need for the establishment of a thirty (30) bed Medicare-certified skilled nursing facility. The location of Stones River Manor is 205 Haynes Drive, Murfreesboro, Tennessee 37129 (Rutherford County), and the estimated project cost is \$2,729,126.75.

The anticipated filing date of the application is on or before June 15, 2015. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is [mbrent@babco.com](mailto:mbrent@babco.com). Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

**Health Services and Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, Tennessee 37243**

Pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

0000506291

### NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §§ 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Alerie Women's and Children's Health LLC (a home health agency with its principal office in Davidson County), owned and managed by Alerie Women's and Children's Health, LLC (a limited liability company), intends to file an application for a Certificate of Need to provide home health agency services exclusively limited to the care of high-risk obstetrical patients and newborns with antepartum and postpartum needs, in the following counties, to be added to its current service area, at a cost estimated at \$84,000: Cannon, Clay, Cumberland, DeKalb, Fentress, Franklin, Giles, Humphreys, Jackson, Lawrence, Lewis, Lincoln, Macon, Moore, Overton, Pickett, Putnam, Smith, Stewart, Trousdale, Van Buren, and White.

The applicant is licensed as a Home Health Agency by the Board for Licensing Health Care facilities. The applicant's principal office is located at 1926 Hayes Street, Suite 111, Nashville, TN 37203. The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements.

The anticipated date of filing the application is on or before June 15, 2015. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

**Tennessee Health Services and Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, TN 37243**

Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled, and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

tion of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; to any matter that an accurate survey of the premises might disclose; and subject to, but not limited to, the following parties who may claim an interest in the above-referenced property: none.

The following individuals or entities have an interest in the above-described property: (1) ANGELA W. QUICK, (2) JOHN D. QUICK, (3) The Tenants of 1810 MOONLIGHT DRIVE, LAVERNGE, TN 37086.

To the best of the Trustee's knowledge, information, and belief, there are no other Federal or State tax lien claimants or other claimants upon the subject property which would require notice pursuant to the terms and provision of T.C.A. § 35-5-104 or T.C.A. § 67-1-433 or 26 U.S.C. § 7425.

The Successor Trustee may postpone the above referenced sale from time to time as needed without further publication. The Successor Trustee will announce the postponement on the date and at the time and location of the originally scheduled sale.

This is an attempt to collect a debt, and any information gathered in connection herewith will be utilized for that purpose.

DATED this 1st day of June, 2015

Prepared by:  
Robert S. Coleman, Jr.  
Marinosci Law Group, P.C.  
1405 North Pierce, Suite 306  
Little Rock, Arkansas 72207  
Robert S. Coleman, Jr.  
Successor Trustee  
Newspaper Insertion Dates:  
June 3, 2015; June 10, 2015; and  
June 17, 2015

0000501940

### PUBLIC NOTICE

The Rutherford County Schools have been inspected for asbestos containing building materials as required by Federal Law 40 CFR 763, the Asbestos Hazard Emergency Response Act (AHERA). The results of the inspections are compiled in a document referred to as the "Management Plan". The Management Plan is available for review upon request, during regular office hours, at either the Board of Education, Maintenance Department located at 2240 Southpark Dr., Murfreesboro, TN or at the individual schools. Please contact Steve Wise, Asbestos Program Manager, at 615-890-8585.

**FIND  
YOUR  
NEXT  
CAR**

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Fast!  
classified**

**Get  
Connected.  
classified**

**AFFIDAVIT OF PUBLICATION SUPPLEMENTAL**

0000515150

Newspaper Daily News Journal

**TEAR SHEET  
ATTACHED**

**State of Tennessee**

Account Number NAS-534576

Advertiser BRADLEY ARANT BOULT CUMMINGS A

RE: STONES RIVER MANOR

V Perry Sales Assistant for the above mentioned newspaper,  
hereby certify that the attached advertisement appeared in said newspaper on the following dates:

06/10/15

V Perry  
Subscribed and sworn to before me this 12 day of June

Sela Bates  
Notary Public



MY COMMISSION EXPIRES:  
MAY 6, 2019

# Supplemental #2

## -Copy-

Stones River Manor

CN1506-026



**SUPPLEMENTAL #2**

**June 29, 2015**

**12:08 pm**

Michael D. Brent  
Phone : (615) 252-2361  
Fax: (615) 252-6361  
Email: mbrent@babco.com

June 29, 2015

**VIA HAND DELIVERY**

Mr. Phillip Earhart  
HSDA Examiner  
Tennessee Health Services and Development Agency  
161 Rosa L. Parks Boulevard, 3<sup>rd</sup> Floor  
Nashville, Tennessee 37243

**Re: Responses to Second Set of Supplemental Requests: Stones River Manor, Inc. (CN1506-026)**

Dear Phillip:

In response to your email of June 26, 2015, requesting clarifying information and revised pages, please find enclosed Stones River Manor, Inc.'s responses to the requested information. Accompanying this letter are an original and two copies of the supplemental responses, along with the supplemental affidavit.

If you or the HSDA staff have any questions or require further information, please contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in black ink, appearing to read 'M. Brent'.

Michael D. Brent

Enclosures

cc: Kirk Mason, Stones River Manor



State of Tennessee

Health Services and Development Agency

Frost Building, 3<sup>rd</sup> Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

**SUPPLEMENTAL #2**

**June 29, 2015**

**12:08 pm**

JUN 29 15 11

June 29, 2015

Michael D. Brent  
Bradley Arant Boult Cummings LLP  
Development Support Group  
1600 Division Street, Suite 700  
Nashville, TN 37203

RE: Certificate of Need Application CN1506-026  
Stone River Manor, Inc.

Dear Mr. Brent:

This will acknowledge our June 25, 2015 receipt of your supplemental response for a Certificate of Need for the establishment of a 30 bed Medicare-certified skilled nursing facility (SNF) nursing home located at 205 Haynes Drive, Murfreesboro (Rutherford County), TN 37129.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Monday, June 29, 2015. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

**1. Section B. Project Description, Item 1.**

Please clarify the reason the applicant is licensed for 100 assisted living residents, but actually has only 80 assisted living units.

**RESPONSE:** The Applicant is licensed for 100 assisted living residents, but 20 of its 80 rooms can accommodate 2 residents (i.e., married couples).

**2. Section B, Project Description, Item B.II.A**

Please complete the following chart which will indicate the applicant's current campus bed inventory and program census.

**RESPONSE:** Please see below the completed chart.

	Licensed? Yes or No	Current # licensed beds (if applicable)	Actual # staffed (if licensed)	Current Census	# licensed or unlicensed after project completion
<b>Current ACLF Licensed Beds (100)</b>					
Independent Living Apt.	No (N/A)	N/A	N/A	36	N/A
Assisted Living Rooms	Yes	78	78	56	76
Memory Care Unit	Yes	22	22	17	24
Other (please specify)					
Etc.					
<b>Total</b>		<b>100</b>	<b>100</b>	<b>109</b>	<b>100</b>

**3. Section B, Project Description Item III.A. Plot Plans**

The enlarged plot plan larger than an 8 ½ x 11 sheet of paper is noted. However, please submit a legible plot plan on an 8 ½ x 11 sheet of paper.

**RESPONSE:** Please see enclosed as Attachment 3 the revised plot plan.

**4. Section B, Project Description Item IV. Floor Plans**

Please provide an enlarged floor plan of the proposed 30 bed skilled nursing unit only that will fit on one page of paper. In addition, please note which rooms are semi-private rooms with an arrow.

**RESPONSE:** Please see enclosed as Attachment 4 the enlarged floor plan for the skilled nursing facility only.

The applicant indicates there will be three semi-private rooms. The floor plan only reflects two semi-private rooms. Please clarify.

**RESPONSE:** Please see enclosed as Attachment 4 the revised floor plan reflecting 6 semi-private rooms and 18 private rooms in the skilled nursing unit.

The table below showing how the areas of the floor plan are allotted between the proposed 24 bed skilled unit and the 24 bed memory care unit is noted. However, there appears to be to be an addition error in column two which indicates there is 26,600 SF. Please revise the following chart.

**RESPONSE:** Please see below the completed chart, which has been revised based upon new drawings from the architect. The total square footage of the skilled nursing unit will be 16,623 SF, which does not include the connector links and the shared courtyard noted below.

Area	Square Feet	24 Bed Memory Care Unit	30 bed skilled Unit
Connectors Links	920 SF	460 SF	460 SF

Office Area	1,400 SF	750 SF	650 SF
Dining	2,810 SF	1,360 SF	1,450 SF
Warming Kitchen	330 SF		330 SF
Activity	1,235 SF	635 SF	600 SF
Physical Therapy	1,820 SF		1,820 SF
Nurses Station/Support	1,165 SF	535 SF	630 SF
24 bed Memory Care	5,800 SF	5,800 SF	
30 bed skilled care	6,670 SF		6,670 SF
Shared court yard	6,700 SF	3,700 SF	3,000 SF
Café/Main Street	4,000 SF	2,000 SF	2,000 SF
Public Circulation	4,596 SF	2,123 SF	2,473 SF
Total	37,446 SF	17,363 SF	20,083- SF

The above chart completed in supplemental 1 indicates the 30 bed skilled unit is allotted 17,665 SF but the square footage chart indicates 16,215 SF. Please clarify.

**RESPONSE:** Please see enclosed as Attachment 4 the revised Square Footage chart reflecting the new square footage of 16,623 for the skilled nursing unit and replacement pages for the CON application reflecting these changes.

**5. Section C, Need, Item 1.a. (Service Specific Criteria (Nursing Home Services) A. Need 3.**

The discussion of how the Long-Term Care Community Choices Act of 2008 has impacted nursing home utilization rates in Rutherford County since 2009 is noted. However, the applicant refers to a PDF internet file. This file could not be found in the supplemental response. Please provide as referenced.

**RESPONSE:** Please see enclosed as Attachment 5 the PDF internet file referenced in the First Supplemental Response.

**6. Section C, Need, Item 5**

The following 2 tables for licensed nursing homes located in Rutherford County are noted. However, please exclude the Tennessee Veterans Home from the tables and revise and resubmit. According to Tenn. Code Ann. §68-11-1607 (f) (1) Veterans Homes are not required to obtain a Certificate of Need. Please remove all references to the Tennessee Veterans Homes in your application. Please revise the following 2 tables that were submitted in supplemental 1.

**RESPONSE:** Please find enclosed as Attachment 6 the replacement pages of the application referencing the Tennessee Veterans Home and please see below the revised tables.



Nursing Home	2015 Lic.'d Beds	2011 Patient Days	2012 Patient Days	2013 Patient Days	'11- '13 % Change	2011 % Occ.	2012 % Occ.	2013 % Occ.
Adams Place	90	32,341	32,011	31,617	-2.2%	98.5%	97.4%	96.2%
Boulevard Terrace Rehab and Nursing	100	27,794	34,004	21,120	-24.0%	76.1%	93.2%	57.9%
Community Care of Rutherford County	131	46,004	46,286	45,090	-2.0%	96.2%	96.8%	94.3%
Mayfield Rehab and Special Care	125	41,680	40,230	38,494	-7.6%	91.4%	88.2%	84.4%
NHC Healthcare, Murfreesboro	181	62,956	62,475	50,464	-19.8%	95.3%	94.6%	76.4%
Northside Health Care Nursing and Rehab	68	22,929	22,254	22,202	-3.2%	92.4%	89.7%	89.5%
Peachtree Center Nursing and Rehab	98	20,411	29,114	28,490	39.6%	57.1%	81.4%	79.6%
<b>Total</b>	<b>793</b>	<b>254,115</b>	<b>266,374</b>	<b>237,477</b>	<b>-6.5%</b>	<b>86.7% (avg)</b>	<b>91.6% (avg)</b>	<b>82.6% (avg)</b>

**Service Area Nursing Home Utilization -Most Recent JAR**

Facility	Lic. Beds	SNF Beds- Medicare	SNF Beds- Medicare/ Medicaid	Other Lic. Beds	SNF Medicare ADC	SNF Medicaid ADC	SNF Other ADC	Non- Skilled Medicaid ADC	Non- Skilled All Other Payor ADC	Total ADC
Adams Place	90	40	0	50	29	0	58	0	0	87
Boulevard Terrace Rehab and Nursing	100	0	100	0	15	34	9	0	0	58
Community Care of Rutherford County	131	0	131	0	20	10	1	72	20	124
Mayfield Rehab and Special Care	125	0	125	0	14	4	0	81	6	105
NHC Healthcare, Murfreesboro	181	0	181	0	37	8	0	74	20	138
Northside Health Care Nursing and Rehab	68	0	68	0	14	0	0	35	12	61

Peachtree Center Nursing and Rehab	98	0	98	0	15	1	0	44	14	74
Total	793	40	703	50	144	57	68	306	72	647

**7. Section C, Need, Item 6**

Your response to this item is noted. The applicant appears to reference the Tennessee Veterans Home as one of the two top rated nursing homes in Rutherford County consistently averages better than 95% occupancy. Please clarify and revise your response if needed.

**RESPONSE:** Please see enclosed as Attachment 7 the revised page of the First Supplemental Response to remove the language referencing the Tennessee Veterans Home.

**8. Section C, Economic Feasibility, Item 1**

The applicant indicates a letter from its architect will be submitted upon receipt.

**RESPONSE:** Please see enclosed as Attachment 8 the letter from the Applicant's architect.

**9. Section C, Economic Feasibility, Item 5 (Projected Data Chart)**

Please identify the Project's average gross charge, average deduction from operating revenue, and average net charge by patient day in Year One (2017). Please use the 9,855 patient days in your calculation as indicated in the revised Projected Data Chart submitted in supplemental one.

**RESPONSE:** The project's average gross charge, average deduction from operating revenue, and average net charge per patient day for Year One are as follows:

Average Gross Charge: \$381  
Average Deduction: \$21  
Average Net Charge: \$360

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is August 17, 2015. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which

**June 29, 2015**

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shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart  
HSD Examiner

**June 29, 2015**

**12:08 pm**

JUN 29 2015

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Stones River Manor, Inc.

I, Kirkland Mason, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

*Kirkland Mason*  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29<sup>th</sup> day of June, 2015, witness my hand at office in the County of Davidson, State of Tennessee.

*Brenda Covington*  
NOTARY PUBLIC

My commission expires July 2, 2018.

HF-0043

Revised 7/02



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**12:08 pm**

**ATTACHMENT 3**

**Revised Plot Plan**





2,0045

Adrian Design Group, LLC  
126 E. Church Street - Adrian, MI 48221  
ph (517) 265-2700  
www.adriandesigngroup.com

[illegible]

**SKILLED CARE LEGEND**

ED CARE LEGEND	
OFFICE AREA	650 SF
DINING - SKILLED CARE	1,450 SF
WARMING KITCHEN	330 SF
ACTIVITY - SKILLED CARE	900 SF
PHYSICAL THERAPY	1,620 SF
NURSE STA/SUPPORT	830 SF
30 BED SKILLED CARE	4,500 SF
Private Rooms (18)	2,170 SF
Semi-Private Rm (6)	3,000 SF
COURT YARD	3,000 SF
CARE / MAIN STREET	2,000 SF
MISC. CIRCULATION	2,473 SF
TOTAL AREA =	19,623 SF

TOTAL AREA = 19,623 SF

### MEMORY CARE LEGEND

CONNECTOR LINKS	920 SF
OFFICE AREA	750 SF
DINING - Memory Care	1,350 SF
ACTIVITY - Memory Care	635 SF
NURSE STA./SUPPORT	535 SF
24 BED Memory Care	
• Private Rooms (20)	5,000 SF
• Semi-Private Rm (2)	900 SF
COURT YARD	3,700 SF
CAFE / MAIN STREET	2,000 SF
MISC./CIRCULATION	2,123 SF
TOTAL AREA =	17,823 SF

TOTAL AREA = 17.823 SF

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**ATTACHMENT 4**

**Revised Enlarged Floor Plans and Replacement Pages**







**June 29, 2015****12:08 pm**

private rooms (12 beds) for a total of 30 beds. The total square footage of the skilled nursing facility will be 16,623.

#### Need for 30 Medicare-Certified Beds

According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Rutherford County currently has and will continue to have a significant bed need. In 2015, the bed need is 1,251. In 2016 and 2017, the bed need is projected to be 1,303 and 1,362, respectively. There are currently 8 licensed nursing homes with 933 beds in Rutherford County. The current bed need formula indicates a net need for 370 beds in 2016 and 429 beds in 2017.

Three of the facilities in the service area have occupancy rates above 95%, and six have occupancy rates above 85%. This indication of high utilization, the projected bed need of 370 beds in 2016, and demand from patients and their families for modernized facilities with rehabilitation therapy programs support approval of this project so that need does not outpace the facilities' capacity and the quality of the health care provided can be maintained.

#### Project Cost, Funding and Feasibility

The total estimated project cost is \$2,729,126.75. Construction costs are \$2,300,000 or 84.3 percent of total cost. The source of funding for the proposed project will be a combination of a commercial loan, donations, and cash reserves.

The Applicant is projecting an average daily census of 27 patients in Year 1, for an average annual occupancy rate of 90 percent. The Applicant projects an average daily census of 28 patients in Year 2, for an average annual occupancy rate of 93.3 percent. Since the construction of the skilled nursing facility will generate little or no increase to the debt load, and based upon the projected census data, financial viability will almost certainly be realized within the two-year time frame proposed. Since the Applicant's current debt is minimal with substantial collateral and a very attractive debt service ratio, funds generated by its capital campaign, together with any bank funding that may be required, will be more than adequate to guarantee positive cash flow very early.

#### Staffing

The Applicant pays wages and offers benefits that are in-line with the prevailing rates of other employment opportunities in the community. The Facility also benefits from local schools such as Middle Tennessee State University and Tennessee College of Applied Technology. The Applicant does not anticipate difficulty filling positions needed for the project.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

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- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

**RESPONSE:** The project will involve the construction of a new 30-bed skilled nursing facility, a rehabilitation center, and a 24-bed dementia care facility. These new buildings will be located adjacent to the southern side of the Applicant's current independent living and assisted living facilities at 205 Haynes Drive in Murfreesboro (Rutherford County), Tennessee to create a complete Continuing Care Retirement Community ("CCRC"). The newly constructed skilled nursing facility will house 24 rooms, comprised of 18 private beds and 6 semi-private beds for a total of 30 beds. The total square footage of the skilled nursing facility will be 16,623. In addition, the Applicant will renovate its current Assured Care Center to include an assisted living special needs care wing, an adult day care area, and a chapel. The total square footage of the new construction area will be 37,446. The project will not involve the acquisition of major medical equipment.

The total estimated project cost is \$2,729,126.75 for a total cost per square foot of \$164.18. Of the total estimated project cost, \$2.3 million will be allocated for the construction of the skilled nursing facility and rehabilitation center for a cost per square foot of \$138.36.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

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2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☒    A     Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐    B     Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐    C     General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐    D     Grants--Notification of intent form for grant application or notice of grant award; or
- ☒    E     Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☒    F     Other—Identify and document funding from all other sources.

**RESPONSE:** The source of funding for the proposed project will be a combination of a commercial loan, donations, and cash reserves. Please see Attachment Section C: Economic Feasibility – 2 for documentation from the commercial lender confirming the terms of a proposed loan and the Applicant's cash reserves.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**RESPONSE:** The total estimated project cost is \$2,729,126.75. Construction costs are \$2,300,000 or 84.3 percent of total cost. The construction cost is \$138.36 per square foot. As reflected in the table below, the new construction cost is well below the 1<sup>st</sup> quartile of \$152.80 per square foot for statewide nursing home construction projects from 2011 to 2013.

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**ATTACHMENT 5**

**PDF Internet File Referenced in First Supplemental Response**

# TENNESSEE

## Nursing Home Trends

MAY 2014

Data used to compile Tennessee Nursing Home Trends was obtained from summary tabulations of the Joint Annual Report of Nursing Homes. Individual reports are completed each year by the licensed nursing homes in Tennessee and returned to the Division of Policy, Planning and Assessment for compilation and review. While the compiled information of all licensed nursing homes is quite detailed, data summarized for this report focuses on trends and changes in Tennessee nursing homes for the period 2003-2012.

- As Tennessee's older adult population increases, the need for nursing home and other means of caring for the elderly has become an important issue.
- In 2012, 14.2 percent of Tennessee's population was 65 years and older.
- The 2012 estimated population 65 and older (918,440) increased 7.6 percent over the State's 2010 population (853,462) and 30.6 percent over the 2000 population (703,311) for this age group.
- Joint Annual Reports of Nursing Homes were returned by 320 of the 325 nursing homes operating in Tennessee during the 2012 reporting period.
- Beginning in 2004, the two federal nursing homes, located in Tennessee, were excluded from the nursing home data reports.
- The absence of data from the non reporting facilities will lower bed counts and utilization statistics on the current data.

### NUMBER OF NURSING HOMES BY TYPE OF OWNERSHIP, Tennessee, 2003-2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>TOTAL</b>	<b>345*</b>	<b>338*</b>	<b>334*</b>	<b>335*</b>	<b>331*</b>	<b>330*</b>	<b>329*</b>	<b>325*</b>	<b>324*</b>	<b>325*</b>
Non-profit	70	68	64	69	65	67	63	60	56	56
Church related	36	40	35	35	38	24	22	19	17	15
Corporation/Association	30	24	25	29	23	36	34	32	30	31
Other Non-profit	-	-	-	-	-	-	-	-	-	-
Limited Liability Company	4	4	4	5	4	7	7	9	9	10
For-Profit	221	226	226	234	224	234	240	240	245	243
Individual	4	3	5	5	1	1	1	1	1	2
Partnership	4	4	6	3	2	1	1	1	1	-
Corporation/Association	109	118	108	105	105	91	88	88	88	86
Limited Partnership	33	28	25	27	19	23	20	21	17	18
Limited Liability Partnership	4	4	7	4	7	8	7	11	9	13
Limited Liability Corporation	67	69	75	90	90	110	123	118	129	124
Government	33	28	26	26	25	26	23	22	22	21
State	3	3	2	2	3	3	3	3	3	3
County	23	19	19	18	18	19	17	17	17	16
City	-	-	-	1	1	1	1	1	1	1
City-County	-	-	-	-	-	-	-	-	-	-
Hospital District	-	-	-	-	-	-	-	-	-	-
Veterans Administration	-	-	-	-	-	-	-	-	-	-
Other Government Agency	7	6	5	5	3	3	2	1	1	1

\*Total includes nursing homes that may not have submitted a report.

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment



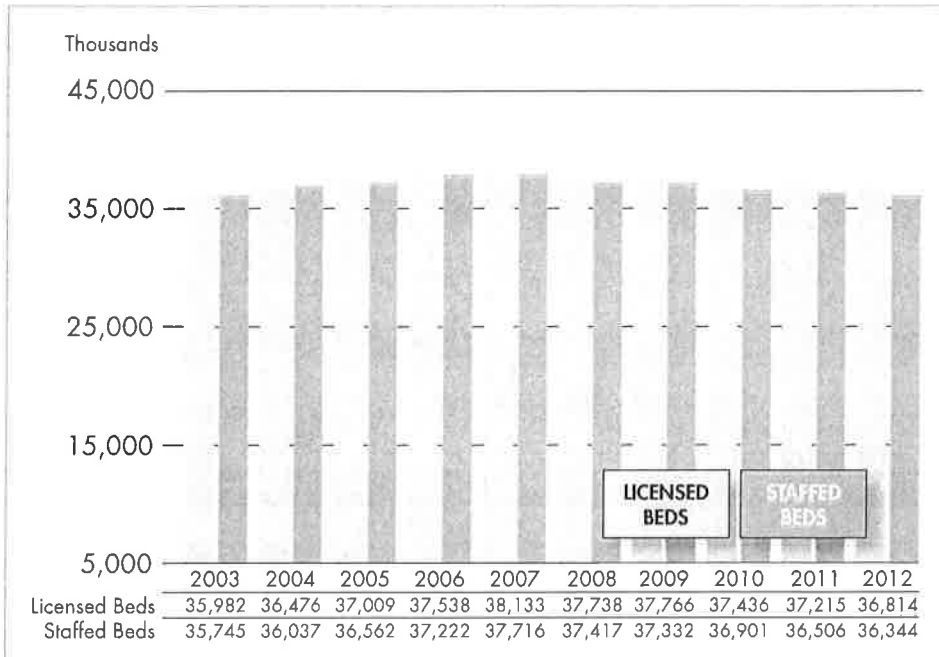
## SUPPLEMENTAL #2

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- In 2012, there were 36,814 licensed beds and 36,344 staffed beds reported for Tennessee nursing homes.
- For the 10-year period 2003-2012 the number of licensed and staffed beds overall remained fairly constant.

### NUMBER OF LICENSED AND STAFFED BEDS TENNESSEE NURSING HOMES, 2003 - 2012

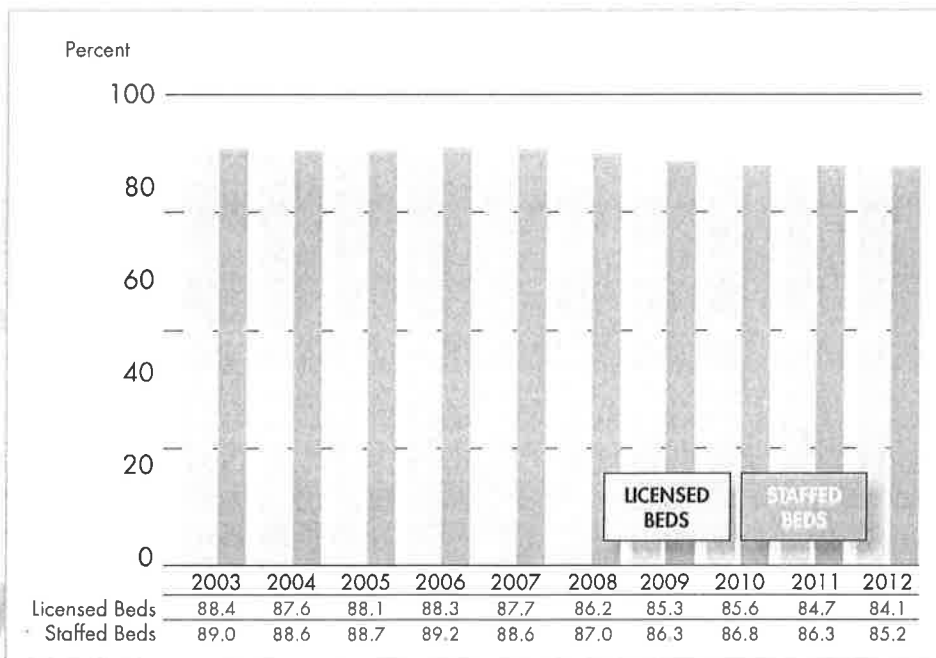


Source: Tennessee Department of Health, Division of Policy, Planning and Assessment

Licensed beds - The maximum number of beds authorized by the state licensing agency or regulated by a federal agency.

Staffed beds - The total number of beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

### PERCENT OCCUPANCY FOR LICENSED AND STAFFED BEDS TENNESSEE NURSING HOMES, 2003 - 2012



Source: Tennessee Department of Health, Division of Policy, Planning and Assessment

- Percent occupancy is computed as the number of patient days of care divided by the number of bed days open for licensed or staffed beds, multiplied by 100. For the 10-year period 2003 through 2012, the percent occupancy for licensed and staffed beds fluctuated but generally declined.
- In 2012, the licensed occupancy was 84.1 percent and the staffed occupancy was 85.2 percent.



**NURSING HOME ADMISSIONS,  
DISCHARGES, AND DISCHARGE PATIENT DAYS,  
TENNESSEE, 2003 - 2012**

Year	Admissions	Discharges Including Deaths	Discharge Patient Days
2012	95,646	95,087	12,549,334
2011	94,334	94,486	12,581,908
2010	92,912	92,727	12,507,529
2009	113,131	90,141	12,190,715
2008	89,263	88,345	12,838,433
2007	81,397	79,073	11,280,004
2006	79,512	76,862	12,191,583
2005	77,932	76,558	12,625,789
2004	74,468	72,181	12,644,002
2003	69,488	75,567	11,049,876

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment

- Admissions are the number of patients admitted to a facility during the reporting period, and discharges are the number of patients discharged plus all deaths.
- Nursing home admissions increased 1.4 percent from 94,334 in 2011 to 95,646 in 2012. The admission rate per 1,000 population aged 65 years and older was 104.1 in 2012. The reported number of discharges increased 0.6 percent from 94,486 in 2011 to 95,087 in 2012.
- Discharge patient days are the total number of days of care rendered to patients discharged during the reporting period (including days of care rendered prior to the beginning of the reporting period).
- From 2011 to 2012, the reported number of discharge patient days decreased 0.3 percent.

**AVERAGE DAILY CENSUS, AVERAGE LENGTH OF STAY,  
AND RATE OF PATIENT TURNOVER, TENNESSEE, 2003 - 2012**

Year	Average Daily Census	Average Length of Stay	Rate of Patient Turnover
2012	30,977	132	2.60
2011	31,515	133	2.60
2010	32,035	135	2.50
2009	31,710	135	3.00
2008	32,544	145	2.40
2007	32,778	143	2.20
2006	33,402	159	2.14
2005	34,591	165	2.13
2004	34,641	175	2.07
2003	30,274	146	1.94

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment

- The average daily census is calculated as the number of patient days of care divided by the number of days in the calendar year.
- The average length of stay is calculated as the number of discharge patient days divided by the number of discharges.
- The rate of patient turnover is the number of admissions divided by the number of staffed beds.
- From 2011 to 2012, the average daily census and average length of stay both decreased, while the rate of patient turnover remained the same.

**NUMBER OF NURSING HOME PATIENTS BY GENDER AND AGE,  
TENNESSEE, 2003 - 2012**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total	32,839	33,255	33,113	33,495	33,427	37,191	36,774	32,583	40,757	43,311
Male	9,034	9,467	9,395	9,424	9,365	11,199	11,081	9,719	12,864	12,834
Female	23,805	23,788	23,718	24,071	24,062	25,992	25,693	22,864	27,893	30,477
Age group										
under 60	2,584	2,637	2,814	2,666	2,684	3,230	3,133	2,766	3,742	3,301
60-64	1,270	1,388	1,453	1,577	1,490	1,760	1,878	1,711	2,316	2,343
65-69	1,847	2,026	2,048	2,076	2,118	2,618	2,712	2,348	3,195	3,296
70-74	2,966	2,976	3,001	3,069	3,029	3,658	3,477	3,078	4,243	4,319
75-79	4,670	4,750	4,566	4,541	4,547	5,083	4,960	4,292	5,508	5,441
80-84	6,574	6,648	6,558	6,519	6,446	7,018	6,785	5,858	7,275	6,771
85-89	6,531	6,458	6,496	6,713	6,842	7,324	7,198	6,387	7,455	7,094
90-94	4,440	4,371	4,280	4,370	4,312	4,486	4,612	4,171	4,939	8,710
95-99	1,610	1,633	1,585	1,633	1,637	1,680	1,667	1,633	1,759	1,694
100+	347	368	312	331	322	334	352	339	325	342

Totals may include patients with age unknown.

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment

- Patient census data is reported for December 31 of each indicated year.
- The number of nursing home patients is given by 5-year age group, as well as by gender.

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During the time period of 2003-2012, the number of admissions to Tennessee nursing homes increased 37.6 percent, while the number of discharges increased 25.8 percent. This is much greater than what any increase in elderly population would indicate. At the same time, the average length of stay dropped by 9.6 percent, while the rate of patient turnover increased by 34.0 percent, and the average daily census increased by 2.3 percent. This indicates that nursing home services in Tennessee are now being used by more persons for shorter episodes of care.

Many persons are now entering nursing homes for convalescence,

then are leaving for home or other settings. This can be attributed to the fact that more hospitals are discharging patients, especially the elderly patients, to the less medically intense nursing home setting for a longer recuperation period after initial acute care treatment. In fact, some hospitals have converted excess bed capacity into skilled nursing or rehabilitation unit beds. The situation is further reflected in hospital statistics which have shown a decrease in the average length of stay over this same time frame.

Percent occupancy for Tennessee nursing homes remained high throughout the 2003-2012 time period,

fluctuating between 84 to 89 percent. High occupancy is typical for the nursing home industry and appears to be invariant with changes occurring in resource capacity.

The Department of Health will continue to collect nursing home data through its Joint Annual Report of Nursing Homes. This data and those from other reports will be monitored as changes in the delivery of health care in Tennessee evolve. More detailed utilization statistics and data on individual nursing homes are publicly available through the Division of Policy, Planning and Assessment or visit our website at the address indicated below.

### POPULATION AGED 65 AND OLDER

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
727,992	737,186	752,718	769,105	783,350	798,244	813,702	853,462	879,581	918,440

NOTE: Tennessee population estimates for 2002-2009 used to calculate the rates in this report were based on estimates and projections prepared from the 2000 census data by the Division of Policy, Planning and Assessment revised in February 2008. The population estimates for 2010 were based on the 2010 Census data. Population estimates for 2011 and 2012 were interpolated from the Census five-year age cohort estimates (CC-EST2011-ALLDATA-[ST-FIPS] May 2012) by the Division of Policy, Planning and Assessment in October 2012. These population figures may result in rates that differ from or may be somewhat disjointed from those rates previously published.

Please visit the Tennessee Department of Health website:  
[tennessee.gov/health](http://tennessee.gov/health)

The mission of the Department of Health is to protect, promote and improve the health and prosperity of people in Tennessee.

Tennessee Nursing Home Trends was published by the  
 Tennessee Department of Health  
 Division of Policy, Planning and Assessment  
 Andrew Johnson Tower, 2nd floor  
 Nashville, Tennessee 37243  
 For additional information please contact: (615) 741-1954



Tennessee Department of Health, Authorization  
 No. 343152, (05-14). Website only.

**June 29, 2015**

**12:08 pm**

**ATTACHMENT 6**

**Replacement Pages of CON Application**

**June 29, 2015****12:08 pm**

assurance regulations shall be considered in determining the service area's average occupancy rate.

**RESPONSE:**

All eight facilities in the service area of Rutherford County have more than fifty (50) beds and their average annual occupancy rates are listed below according to the 2012 – 2013 Joint Annual Reports of Nursing Homes. While all facilities in the service area do not have average annual occupancy rates of 95%, many of these facilities are older and in need of updates and do not have outpatient rehabilitation therapy programs. At least one of the facilities, Mayfield Rehabilitation and Special Care Center, operates three-bed wards, which may be operated as semi-private rooms given the decreased use of wards consistent with current trends and patient and family requests. In addition, Peachtree Center Nursing and Rehabilitation has a significantly larger number of semi-private beds versus private beds (94 v. 4). It is possible that this facility's occupancy rate is lower because some of the semi-private rooms are being utilized as private rooms. Two of the facilities in the service area have occupancy rates above 95%, and five have occupancy rates above 85%. This indication of high utilization, the projected bed need of 370 beds in 2016, and demand from patients and their families for modernized facilities with rehabilitation therapy programs support approval of this project so that need does not outpace the facilities' capacity and the quality of the health care provided can be maintained.

<b>Nursing Facility</b>	<b>No. of Beds</b>	<b>Average Annual Occupancy Rate (2012–2013)</b>
Adams Place	90	96.9%
Boulevard Terrace Rehabilitation and Nursing Center	100	75.5%
Community Care of Rutherford County	131	95.6%
Mayfield Rehabilitation and Special Care Center	125	91.4%
NHC Healthcare, Murfreesboro	181	85.5%
Northside Health Care Nursing and Rehabilitation Center	68	89.6%
Peachtree Center Nursing and Rehabilitation	98	80.5%

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5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**RESPONSE:** There are currently eight other nursing homes in Rutherford County. Below is a chart that includes the occupancy rates for each of the eight nursing homes:

**Average Daily Census for Nearby Nursing Homes**

Facility	2011	2012	2013	2014
<b>Rutherford County</b>				
Adams Place	98.45%	97.45%	96.25%	95%
Boulevard Terrace Rehab and Nursing	76.15%	93.16%	57.89%	73%
Community Care of Rutherford County	96.21%	96.80%	94.30%	93%
Mayfield Rehabilitation and Special Care	91.35%	93.41%	89.37%	90%
NHC Healthcare, Murfreesboro	95.29%	94.57%	76.39%	87%
Northside Health Care Nursing and Rehab	92.38%	89.66%	89.45%	88%
Peachtree Center Nursing and Rehab	57.06%	81.39%	79.65%	85%

Sources: 2011 – 2013 Tennessee Joint Annual Reports; 2014 occupancy data from [ucomparehealthcare.com](http://ucomparehealthcare.com) and [nursinghomerating.org](http://nursinghomerating.org).

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**RESPONSE:** The Applicant is seeking to establish a new nursing home and, as such, cannot provide historical utilization statistics. However, the Applicant expects that the facility will maintain 90 percent occupancy for the first two years following completion of the project. The following chart contains the Applicant's projected annual utilization for the two years following completion of the project (2017 through 2018):

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<b>Payor</b>	<b>Year 1 - 2017</b>	<b>Year 2 - 2018</b>
Private Pay	\$168	\$168
Medicare	\$455	\$455

- a. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**RESPONSE:** Below is a chart of the charges of similar facilities in Rutherford County, which reflects that the Applicant's proposed charge schedule is in line with other providers in the service area.

**Applicant's Proposed Charges as Compared to Existing Facilities in Rutherford County**

<b>Facility</b>	<b>Medicare</b>	<b>Medicaid</b>	<b>Private Room</b>	<b>Semi-Private Room</b>
Applicant	\$455	N/A	\$168	\$168
Adams Place	\$523	N/A	\$235	\$206
Boulevard Terrace Rehab and Nursing	\$481	\$159	N/A	N/A
Community Care of Rutherford County	\$215	\$170-\$215	\$182-\$225	\$170-\$215
Mayfield Rehabilitation and Special Care	\$449	\$147-\$162	N/A	\$180
NHC Healthcare, Murfreesboro	\$459	\$171-185	\$226-\$247	\$201-\$207
Northside Health Care Nursing and Rehab	\$426	\$171	\$193-\$198	N/A
Peachtree Center Nursing and Rehab	\$185	\$185	\$190	\$185

*Source: 2013 Joint Annual Reports*

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

**RESPONSE:** The Applicant is projecting an average daily census of 27 patients in Year 1, for an average annual occupancy rate of 90 percent. The Applicant projects an average daily census of 28 patients in Year 2, for an average annual occupancy rate of 93.3 percent. The projected utilization is sufficient to render the project financially feasible as discussed below.

**June 29, 2015**

**12:08 pm**

**ATTACHMENT 7**

**Revised Page of First Supplemental Response**

**June 29, 2015****12:08 pm**

Please clarify how the applicant will reach an average daily census of 27 in Year One if the applicant discharges three to six residents monthly to hospitals, and then those residents are discharged to a skilled nursing facility.

**RESPONSE:** Using a conservative ratio of 2:1 (resident patients to outside patients), and a moderate 50% discharge rate, the Applicant's first year census projections from Month 1 through Month 5 indicate the SNF will be filled to capacity as follows:

Month	Admittances	Discharges	Census Total
Month 1	$12 + 6 = 18$	9.0	9.0
Month 2	$10 + 5 = 15$	7.5	16.5
Month 3	$8 + 4 = 12$	6.0	22.5
Month 4	$6 + 3 = 9$	4.5	27.0
Month 5	$6 + 3 = 9$	6.0	30.0
Month 6-12	avg. 12	12.0	30.0

The above projections indicate an average monthly census of 26.25. Reaching full capacity by Month 3, rather than Month 5, as the Applicant's consultant projected, increases the daily average first year census to 28.0. The Applicant split the difference and used an average daily figure of 27, which is equivalent to 90 percent occupancy. The Applicant believes that 90 percent occupancy projections for the first year are conservative due to the following considerations:

- The Applicant anticipates that a large portion of its patients that original from outside the CCRC will move to an assisted living or independent living unit following discharge from the SNF.
- The Applicant currently budgeted for 95 percent occupancy in its existing senior living facilities and has exceeded its budget projections each year for the past 8 years except one, and produced 94.7 percent that year.
- The Applicant has a standing reputation for excellent care, which it intends to carry over to the skilled nursing and rehab level. The Applicant's feasibility study showed that more than 75 percent of those interviewed cited excellent care as our number one asset. In that same study, more than 75 percent cited the lack of a skilled nursing center as the only negative aspect of Stones River Manor.
- The top-rated nursing home in Rutherford County, Adams Place, consistently averages better than 95 percent occupancy. This facility is the highest rated in the Applicant's community because of its high quality of care, which will be the Applicant's number one asset.
- Reaching high occupancy percentages in independent and assisted living, in many ways, is more difficult and/or demanding because these levels of housing and care are largely elective and choices are greater. Skilled care is seldom, if ever, elective and choices are made based on the care/cost ratio. In Rutherford County, the selection is most often based on what is available. Given the choice, the Applicant believes it will be at or near the top of every list. It will be a brand new facility, a faith-based, non-profit facility, and one with a reputation for great care.

Please indicate the percentage of patient days that are projected to originate from residents within the applicant's campus and from outside the campus in Year One.

**RESPONSE:** As noted above, the Applicant expects a ratio of 2:1 for patients originating from within the CCRC and patient originating from outside the CCRC. Based on this figure, the Applicant anticipates that 66.7 percent of its patient days will originate from



**June 29, 2015**

**12:08 pm**

**ATTACHMENT 8**

**Letter from Applicant's Architect**

**June 29, 2015**

**12:08 pm**

We Build Relationships.



29 June 2015

Dear Sirs/Madam:

This shall confirm that J&S Construction Company is a design-building construction firm in the state of Tennessee and that we are working with Stones River Manor on their current Skilled Nursing Facility and Alzheimer's & Dementia Care project. The total cost of the construction has been projected at four million dollars (\$4,000,000.00), with two million, three hundred thousand (\$2,300,000.00) of that amount specifically designated for the Skilled Nursing Facility, including the physical therapy center.

The plan for this project is to achieve LEED certification (Leadership in Energy and Environmental Design) which could make this project the first SNF in Tennessee to have achieved LEED status at any level. In 2012, J&S Construction completed an independent living project for Stones River Manor which was awarded LEED Gold certification, the first senior care project to accomplish LEED certification in Tennessee, as well.

We will be happy to provide any further information needed.

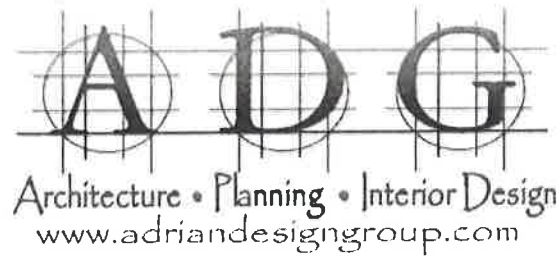
Sincerely,  
**J&S Construction Company**

A handwritten signature in dark ink, appearing to read "Phil Adams", is written over a light blue horizontal line.

Phil Adams  
Registered Architect

**June 29, 2015**

**12:08 pm**



6-29-15

**Project:     Stones River Manor 30 Bed Skilled Care Addition  
                 205 Haynes Drive  
                 Murfreesboro, TN 37129**

**Statement of Code Conformance;**

**This project in its conceptual form has been designed to conform to local, state and federal building code requirements. As the project undergoes design development and final construction documentation, this project will be further reviewed for code compliance, including the FGI / AIA Guidelines for Design and Construction of Health Care Facilities. (Residential Health Care and Support Facilities).**



**Michael Nicklowitz, AIA, LEED AP  
President Adrian Design Group**



HISTORIC ENGINE HOUSE No. 1

Additional  
Information  
Supplemental #2  
-Copy-

Stones River Manor

CN1506-026



**SUPPLEMENTAL #2**

**June 29, 2015**

**4:18 pm**

Michael D. Brent  
Phone : (615) 252-2361  
Fax: (615) 252-6361  
Email: mbrent@babbc.com

June 29, 2015

**VIA HAND DELIVERY**

Mr. Phillip Earhart  
HSDA Examiner  
Tennessee Health Services and Development Agency  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, Tennessee 37243

**Re: Requested for Revised CON Application Pages: Stones River Manor, Inc.  
(CN1506-026)**

Dear Phillip:

Per your telephone conversation this afternoon with my associate, Chelsey Hadfield, please find enclosed the requested replacement pages 25, 26, and 30 to reflect the removal of all references, directly or indirectly, to the Tennessee Veterans Home in Rutherford County. In addition, please find enclosed a supplemental affidavit.

If you or the HSDA staff have any questions or require further information, please contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in dark ink, appearing to read 'Mike', written over a horizontal line.

Michael D. Brent

Enclosures

cc: Kirk Mason, Stones River Manor

**June 29, 2015****4:18 pm**

assurance regulations shall be considered in determining the service area's average occupancy rate.

**RESPONSE:**

All seven facilities in the service area of Rutherford County have more than fifty (50) beds and their average annual occupancy rates are listed below according to the 2012 – 2013 Joint Annual Reports of Nursing Homes. While all facilities in the service area do not have average annual occupancy rates of 95%, many of these facilities are older and in need of updates and do not have outpatient rehabilitation therapy programs. At least one of the facilities, Mayfield Rehabilitation and Special Care Center, operates three-bed wards, which may be operated as semi-private rooms given the decreased use of wards consistent with current trends and patient and family requests. In addition, Peachtree Center Nursing and Rehabilitation has a significantly larger number of semi-private beds versus private beds (94 v. 4). It is possible that this facility's occupancy rate is lower because some of the semi-private rooms are being utilized as private rooms. Two of the facilities in the service area have occupancy rates above 95%, and five have occupancy rates above 85%. This indication of high utilization, the projected bed need of 370 beds in 2016, and demand from patients and their families for modernized facilities with rehabilitation therapy programs support approval of this project so that need does not outpace the facilities' capacity and the quality of the health care provided can be maintained.

<b>Nursing Facility</b>	<b>No. of Beds</b>	<b>Average Annual Occupancy Rate (2012–2013)</b>
Adams Place	90	96.9%
Boulevard Terrace Rehabilitation and Nursing Center	100	75.5%
Community Care of Rutherford County	131	95.6%
Mayfield Rehabilitation and Special Care Center	125	91.4%
NHC Healthcare, Murfreesboro	181	85.5%
Northside Health Care Nursing and Rehabilitation Center	68	89.6%
Peachtree Center Nursing and Rehabilitation	98	80.5%

**June 29, 2015****4:18 pm**

**8. Guidelines for Growth Criteria – Occupancy & Size 3:** *A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.*

**RESPONSE:**

Not applicable. The Applicant is seeking to establish a nursing home, not to expand capacity of an existing nursing home.

**9. Guidelines for Growth Criteria – Occupancy & Size 4:** *A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.*

**RESPONSE:** The Applicant is seeking the establishment of a skilled nursing facility with thirty Medicare-certified beds.

The proposed project will further the 5 Principles for Achieving Better Health as set forth in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

**RESPONSE:** While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community and state levels that will help improve the health status of Tennesseans, this project is consistent in that it supports a continuum of care model where patients will be able to receive intensive skilled nursing care and rehabilitative services within the community in which they live. The Applicant's campus design provides the most effective care in a person-centered environment, that is also the least-restrictive and least-costly option available, where the individual can live the healthiest life possible. The project will further the Applicant's ability to provide state of the art long term care services.

2. Every citizen should have reasonable access to health care.

**RESPONSE:** The Applicant's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services and provides a continuum of care for residents of the CCRC. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and older, as well as disabled individuals below this threshold age, access to long term care Medicare beds is a function of bed availability in the market.

**June 29, 2015****4:18 pm**

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**RESPONSE:** There are currently seven other nursing homes in Rutherford County. Below is a chart that includes the occupancy rates for each of the seven nursing homes:

**Average Daily Census for Nearby Nursing Homes**

Facility	2011	2012	2013	2014
<b>Rutherford County</b>				
Adams Place	98.45%	97.45%	96.25%	95%
Boulevard Terrace Rehab and Nursing	76.15%	93.16%	57.89%	73%
Community Care of Rutherford County	96.21%	96.80%	94.30%	93%
Mayfield Rehabilitation and Special Care	91.35%	93.41%	89.37%	90%
NHC Healthcare, Murfreesboro	95.29%	94.57%	76.39%	87%
Northside Health Care Nursing and Rehab	92.38%	89.66%	89.45%	88%
Peachtree Center Nursing and Rehab	57.06%	81.39%	79.65%	85%

Sources: 2011 – 2013 Tennessee Joint Annual Reports; 2014 occupancy data from [ucomparehealthcare.com](http://ucomparehealthcare.com) and [nursinghomerating.org](http://nursinghomerating.org).

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**RESPONSE:** The Applicant is seeking to establish a new nursing home and, as such, cannot provide historical utilization statistics. However, the Applicant expects that the facility will maintain 90 percent occupancy for the first two years following completion of the project. The following chart contains the Applicant's projected annual utilization for the two years following completion of the project (2017 through 2018):



**June 29, 2015**

**4:18 pm**

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Stones River Manor, Inc.

I, Kirkland Mason, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Kirkland Mason  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29<sup>th</sup> day of June, 2015, witness my hand at office in the County of Davidson, State of Tennessee.

Brenda Covington  
NOTARY PUBLIC

My commission expires July 2, 2018.

HF-0043

Revised 7/02

